Introduction: What Is The Purpose of Foreign Aid?

Over four-fifths of the world’s six billion people live in the more than 150 poor countries in Asia, Africa, and Latin America that make up what is known as the “developing world.” Together, they account for nearly 50 percent of the world’s economic output. Half of these six billion people live on less than $2 a day. These same people often lack access to safe drinking water, education, or health care.

In spite of their growing significance and the problems they face, the nations of the developing world rarely command the U.S. public’s attention. Nevertheless, U.S. ties to developing nations continue to grow through trade, investment, immigration, and travel. In coming decades, the threats posed by HIV/AIDS, environmental issues, terrorism, drug trafficking, and other problems will increase the developing world’s impact on the United States and the planet.

What is Foreign Aid?

Foreign aid is most basically defined as assistance provided by one nation to another. U.S. foreign assistance comes in a number of different forms and has multiple purposes. Below are four of the major types of U.S. foreign aid. Often, different forms of aid are offered in conjunction with others.

**Humanitarian Assistance:** The type of foreign aid most in the public eye is humanitarian assistance. Relief after hurricanes or earthquakes and food relief to starving families displaced by war are examples of humanitarian assistance. But humanitarian relief represents only a small fraction of the U.S. foreign aid budget and while there are debates about how well the various kinds of relief work, in general disaster relief is not controversial for most U.S. citizens.

**Military and Security Aid:** The United States often provides military aid to nations whose policies the U.S. wants to support or influence. Military aid can consist of equipment or training. The United States can also send military advisors to a particular country to assist that country’s armed forces. It can even send troops to provide security or to bolster the military forces of a particular country. Over the years, this type of aid has generated a great deal of controversy both in the United States and abroad.

**Economic Stabilization:** Another category of aid and assistance is the money provided to help stabilize a country’s economic system in times of crisis. The United States often works in conjunction with the International Monetary Fund (IMF) and other countries to ensure global financial stability. An example is the money the United States loaned to Mexico in 1995 to save Mexico from defaulting on its foreign debt payments.

**Development Assistance:** This category of aid encompasses the widest variety of programs and the biggest share of the U.S. foreign aid budget today. Through development assistance, current U.S. policy-makers hope to alleviate poverty by developing strong market economies. They believe that this means encouraging not only economic and agricultural development, but also protecting the long-term health of the environment, nurturing democracy and good governance, and improving education. Another important component of development assistance involves stabilizing populations and maintaining strong programs to address maternal and child health, nutrition, women’s reproductive health, HIV/AIDS, and other infectious diseases. However, there is a great deal of debate on how U.S. aid can contribute to long-term development in poor countries. For example, some see the developing world as a bottomless pit of problems, others think more in terms of economic competition and opportunity for American businesses, while still others see a moral obligation to help those in need.
"In an era of global trade and global terror, the futures of the developed world and the developing world are closely linked. We benefit from each other's success, and we are not immune from each other's troubles."

—President George W. Bush

These facts raise some important questions. Does our country have the responsibility to help others? Why does the United States provide foreign aid? Is it to help the world's poor? Is it largely a way to meet other foreign policy priorities such as enhanced security, increased trade, or promoting a stable global economy? Is it a means of promoting our own social values? These questions raise additional ones. How much aid can and should we offer? Should U.S. funds be funneled through international organizations such as the UN or should our money remain in institutions over which we have complete control? How can we ensure that aid helps rather than harms?

Today, the U.S. government allocates fewer resources to foreign aid than in previous decades. The United States consistently ranks lowest among developed countries in the proportion of its economic output devoted to foreign assistance, though it ranks high in dollars provided. Public opinion surveys show that the average American estimates that foreign aid accounts for about 15 percent of our country’s federal budget. In reality, the funds allocated to total international assistance in 2005 accounted for about 1 percent of the total U.S. budget. Many non-governmental organizations provide foreign aid as well. In fact, foundations, corporations, voluntary organizations, universities, religious communities, and individuals collectively provide nearly six times the U.S. government's official annual development assistance.

In this reading, you will take a fresh look at our country’s role in the world and, in particular, at the direction of U.S. aid policy. Part I identifies the major events, institutions, and debates that drive today’s foreign assistance policies. Part II contains case studies that examine different kinds of U.S. foreign aid while exploring some of the issues and dilemmas behind each. Ultimately, you will be asked to formulate how you think the United States should pursue its foreign aid policy.
Part I: A Brief Overview of U.S. Foreign Aid

National and international events, issues, and organizations all help shape the debate about the proper course for U.S. foreign aid policy. In this section you will read about three of the historical events that have shaped the evolution of U.S. foreign aid policy: the Cold War and its end, the 1997 Asian financial crisis, and the terrorist attacks of September 11, 2001. You will also examine the role of USAID, the International Monetary Fund, and the World Bank. Finally, you will examine two current debates about foreign aid policy: debt-forgiveness, and the role of trade and investment.

Foreign Aid: Three Historical Turning Points

America’s forty-year struggle with the Soviet Union known as the Cold War strongly influenced U.S. aid programs. Not so long ago, America’s mission in the developing world appeared much more cut-and-dried than it does today. From the late 1940s until the late 1980s—during the Cold War—most Americans saw the world as divided into two camps. On one side were the United States and its allies. On the other side were the Soviet Union and the other states of the communist bloc. The so-called “Third World” consisted of the poor nations of Asia, Africa, and Latin America that were not closely aligned with either of the superpowers.

The first major foreign aid program, the Marshall Plan, was established to rebuild Western Europe after World War II. President Kennedy expanded U.S. foreign assistance by establishing the Peace Corps, the United States Agency for International Development (USAID), and the Alliance for Progress.

Many viewed U.S. foreign aid as a tool for containing the spread of communism. In order to win leaders to its side, the United States was the world’s largest monetary provider of foreign aid to Third World countries during the Cold War.

Following the collapse of the Soviet Union in 1991, the old divisions of international relations broke down and the goals of development aid and U.S. assistance changed. For example, during the Cold War, Africa was the scene of a tug-of-war between the United States and the Soviet Union. Much of the foreign aid channeled to the continent arrived in the form of military equipment. During the 1980s, the top recipients of American assistance in the region were Somalia, Zaire (now known as the Democratic Republic of the Congo), Egypt, Liberia, and Sudan—all key components of U.S. Cold War strategy.

With the end of the Cold War, the United States began to emphasize the importance of responsible governance over simply rewarding loyal Cold War allies. In addition, the focus in Washington shifted away from military and security aid to helping developing countries grow their economies. The belief in Washington was that a healthy increase in international trade and foreign investment would eventually allow poor societies to escape poverty and eliminate the need for aid altogether.

The rapid progress of Southeast Asian economies, such as those of Thailand and Malaysia, seemed to justify the optimism. Throughout the 1990s, Thailand and most of its neighbors in Southeast Asia won admiration in the United States for spurring their economies forward and lifting millions of people out of poverty.

How did the 1997 Asian financial crisis affect U.S. policy toward the developing world?

Beginning in mid-1997, the same Southeast Asian countries that were hailed as rising stars were shaken by financial crisis. Within a year, the crisis had choked off foreign investment throughout most of the developing world and threatened to tip the global economy into recession. Other Southeast Asian nations were the first to feel the ripple effect, but it soon extended well beyond the region. By the fall of 1998, countries as diverse as Russia and Brazil faced severe economic downturns that could
be traced back to the crisis in Southeast Asia. Americans came to recognize that their own economy was vulnerable as well.

The economic crisis highlighted the fragility of the international economic system, especially for developing countries. Until 1997, the spread of free-market principles in the developing world seemed to be working. One reason for the region’s success was the aid the United States and other developed countries provided and the foreign investment that poured into these countries. The speed of the growth, however, caused investors to worry about the stability of the region’s economies, so many pulled their money out, causing a downward spiral. Southeast Asia’s slump called into question U.S. economic strategy in the developing world. U.S. policymakers began to stress the need for institutional safety nets to protect investment as well as growth. You will learn more about the Asian financial crisis in Part II.

How did the terrorist attacks of September 11, 2001 affect our foreign aid policies?

As a result of the terrorist attacks of September 11, 2001 and the U.S. government’s response, ideas about the purpose and promise of foreign aid changed. Many policymakers began to view foreign aid as a way to help nations combat some of the underlying causes of terrorism. They see development aid as a moral obligation as well as a sound foreign policy tool. The government has increased financial and military aid to U.S. allies in the war on terror, such as Pakistan and Turkey. Additionally, the United States has allocated new funds to nations involved in counterterrorism efforts, such as Indonesia and the Philippines.

Institutions and Programs

Now that you have read about the events that have helped shape U.S. aid policy, you will examine some of the institutions that provide aid. They each play an important role in U.S. foreign aid programs.

**USAID**

The United States Agency for International Development (USAID) provides economic, development, and humanitarian aid around the globe in support of U.S. foreign policy goals. The agency administers the largest share of our nation’s foreign aid budget—about $8.8 billion in 2005. While the funding involved in USAID is comparatively small in relation to the rest of the U.S. budget (less than one half of one percent of the total), the role of USAID continues to stir controversy in and outside of the United States. The debate is less about money than about the United State’s role in the world.

USAID now operates in more than one hundred countries, an increase since the 1990s. Its focus has also been expanding. The agency works in a variety of ways to promote steady economic growth through free-market economic principles, protect the environment and hold down population growth, nurture democracy, and boost the rights of women and minority groups.
"Foreign assistance is an important tool for the President and the Secretary of State to further America's interests. In general, foreign assistance works hand-in-hand with other foreign policy tools. Foreign assistance implements peace agreements arranged by diplomats and often enforced by the military; foreign assistance supports peacekeeping efforts by building economic and political opportunity; foreign assistance helps developing and transition nations move toward democratic systems and market economies; foreign assistance helps nations prepare for participation in the global trading system and become better markets for U.S. exports. All of these activities help build a more peaceful, stable, and prosperous world—which is very much in the interest of the United States."

—Andrew Natsios, Director, USAID

What controversies surround USAID’s policies?

In recent years, USAID has tried to balance demands for economic growth with concern for human needs and the environment. In practical terms, that has meant stressing basic health care, primary education (especially for girls), and small business opportunities for the poor, while also pressing for sensible economic policies. Critics charge that this approach—providing aid to leaders for distribution—bolsters government control, feeds corruption, and stifles free-market reform.

USAID’s emphasis on nurturing democracy and women’s rights has likewise sparked debate. USAID officials contend that the United States should use foreign aid as a means for advancing America’s political and social values. In their view, economic development goes hand-in-hand with democratic values and expanded opportunities for women. They point out that educating women pays off in lower birth rates and improved health care. They favor American support for opposition political parties, independent newspapers, human rights groups, and other institutions that act as the foundation of a democratic political system.

Some critics consider efforts to promote the values of U.S. society in developing countries as misguided, if not outright dangerous. They note that introducing political parties and elections in countries where the population is sharply divided along ethnic or religious lines tends to magnify local tensions. Similarly, some warn that prematurely placing special emphasis on women often cuts against the grain of long-held traditions and breeds resentment against American meddling. People in developing countries may resist educational or societal reform efforts that they see as veiled attempts by Western countries to impose Western culture and values.

Millennium Challenge Account

In 2002, President Bush proposed an increase in foreign aid of 50 percent over the next three years. Rather than adding the additional funds to already established organizations such as USAID, the president proposed the establishment of a new fund, the Millennium Challenge Account (MCA), administered by the Millennium Challenge Corporation (MCC), to provide annual monetary aid to a select group of developing countries. USAID and other organizations which funnel U.S. assistance into developing countries remain in place, but the MCA and USAID are meant to work in conjunction occasionally.

The MCA is widely considered a significant shift in U.S. foreign aid policy—now aid recipients can be more involved in setting their own priorities, and donors can demand greater accountability for results.

So far the MCA has made limited progress. In the 2005 fiscal year, Congress appropriated only $1.5 billion to the MCA, $3.5 billion less than what President Bush initially requested. Furthermore, as of early 2005, only a small
fraction of MCA money had been distributed to the intended aid recipients.

**What are the controversies surrounding the MCA?**

Some herald the shift in U.S. foreign aid policy as positive—one that will significantly improve the lives of the world’s most impoverished and disadvantaged people through a more directed development program. Others see it more as a tool for advancing U.S. foreign policy objectives in the war on terror than a true attempt to combat poverty and promote economic development in poor countries.

The criteria attached to the allocation of MCA assistance is a major point of contention between supporters and opponents of this new approach. Unlike USAID assistance, MCA assistance is only granted under specific conditions. Countries eligible for MCA aid must meet a number of criteria that broadly indicate that they are interested in and capable of developing. These criteria include “ruling justly, investing in their people and establishing economic freedom” among other things.

Critics worry that these criteria will be considered subjectively according to particular political interests. Another concern is that they will inevitably exclude the great majority of the world’s poorest countries. Supporters defend MCA, stating that these criteria will ensure that aid is not wasted in countries that are not willing or able to prioritize development. In the past, they claim, aid has often been lost to corrupt governments and poorly designed programs.

Moreover, they believe countries will be motivated to meet these standards so that they can qualify for MCA aid, creating a situation where countries reassess and improve their own internally funded programs and governing tactics.

The MCA is significant for its size, but perhaps more so for the new approach that it proposes. Yet given its slow start, the question remains whether or not this new approach can and will be implemented effectively.

**International Monetary Fund (IMF)**

The IMF is an international organization established to promote global monetary cooperation, foster economic growth and employment, and provide loans to countries. The IMF helps to facilitate the form of international assistance known as “economic
stabilization.” The IMF operates much like a credit union. Its 184 member nations deposit money with the fund according to their wealth and may request short-term loans to weather financial crises. The IMF also monitors economic and financial developments and policies in member countries, and provides the governments and central banks of its member countries with technical assistance in its areas of expertise. Responsibility for maintaining the stability of the global financial system has fallen largely to the IMF in past years. The United States works in conjunction with the IMF to help provide the money needed to stabilize a country's economic system.

What are the criticisms of the IMF's policies?

The IMF has been the target of criticism from several angles. Critics in the developing world view the fund as a tool of wealthy nations, particularly the United States. The institution is heavily supported by the United States and heavily influenced by the wishes of U.S. policy-makers. As the largest contributor, the United States holds the most clout in charting IMF policies. Many contend that the IMF's policies are intended to stymie developing countries' economic development while safeguarding the interests of the United States and other Western investors. Others criticize the IMF for its inability to root out corruption and waste in the developing world. They argue that IMF loans often allow baoited governments to put off difficult free-market reforms. Some contend that the strings attached to IMF loans damage local economies. They claim that the reforms required of nations seeking loans lead to more harm than good.

Policies aside, the 1997 Asian financial crisis shed light on the fund's limited resources. Developed nations have been reluctant over the years to increase their contributions to the fund. As a result, percentage-wise, the IMF's reserves are now much smaller than they were in the past. With globalization has come an increased risk of future financial crises and economists warn that the IMF may not be able to prevent the next regional downturn from turning into a global depression.

The World Bank

The World Bank is not a bank in the common sense. Like the IMF, it is made up of 184 countries. Unlike the IMF, the World Bank focuses on funding development projects, such as road-building and the construction of water systems. The two organizations complement one another in promoting global economic stability and development.

The World Bank acts to channel money from wealthy nations to projects in the developing world. Today the World Bank is the world's largest external funder of education projects, programs to prevent the spread of HIV/AIDS, and other health programs. Much of the World Bank's funding is derived from interest paid by borrowing countries. As with the IMF, the United States is both the World Bank's largest donor and its most influential member. The United States works closely with the World Bank to fulfill many of its international development assistance programs.

"Our dream is a world free of poverty."
—From the World Bank Mission Statement

What are some of the criticisms of the World Bank?

Like the IMF, the World Bank has been the target of criticism from several corners in recent years. Critics have charged that the bank has failed to take into account the environmental impact of the projects it funds. Some feel that the bank's emphasis on markets does not do enough to help the poor or advance the rights of citizens in the developing world. Others criticize the World Bank for conducting its business behind closed doors, without public accountability, and without adequate representation of the world's poor. Some question the nature of financial policies prescribed by the World Bank for developing countries. In the most heavily indebted countries, governments spend more money on paying off their loans than on social services for their people.

Debates and Controversies

Foreign aid takes many forms. In recent
years, there has been great deal of debate about debt relief and trade and investment. Below you will read about each and the controversies around them.

■ Debt Relief

In recent years, the international community has begun providing debt relief to poor countries. Forty-one of the world’s poorest countries owe more than $170 billion to foreign governments, creditors, the IMF, and the World Bank for various loans they have received and debts they have accrued. Most of these highly indebted poor countries are unable to begin to make payments on the principal of the loan, meaning that they face the possibility of paying interest on loans forever. Others spend more on foreign debt services than on basic health, education, and social services for their own people. Six hundred million people in these forty-one countries survive on less than $1 a day.

By the turn of the century, developing countries owed foreign lenders roughly $2.3 trillion. In many cases, the foreign aid these poor nations receive does not even cover the interest payments on their huge debts. As the debt mountain has grown, the concept known as “debt forgiveness” has increasingly become an important feature of foreign aid policy. In June 2005, the financial ministers of eight leading industrial nations (called the G-8) decided to cancel $40 billion in debt owed by many developing countries, mostly in Africa. Though criticized by some as ineffective and too politically motivated, it is an action that many believe holds great promise.

Why is there a debate about debt relief?

The controversy about providing debt relief to poor countries has several sides. Some argue that forgiving debts will allow govern-

ments to provide basic needs for their citizens. Critics respond that without reform of corrupt and authoritarian governments, debt relief will not help the needy and impoverished. They believe it will only be misused by those who created the debt originally. Others contend that forgiving debts without reexamining the role of rich countries in the global trading system is unproductive at best. They feel that nothing will improve until a commitment is made to lower trade barriers around the world and do away with agricultural and export subsidies in rich countries. Others believe rich countries and the IMF should stop encouraging poor countries to take out loans that they will not be able to repay. Regardless of these differences of opinions on the effectiveness of debt relief, people at both ends of the spectrum tend to agree that debt relief, if granted, must be granted in conjunction with other aid. Debt relief alone is insufficient to bring these nations out of poverty, they say.

■ Trade and Investment

Although trade and investment are not technically forms of foreign aid, today they are often put forward as an alternative to foreign aid to boost the fortunes of the developing world. Developing countries (including the
nations of the former Soviet bloc) already purchase nearly 45 percent of U.S. exports, and their share is expected to rise throughout this century. The United States continues to attempt to build stronger trade ties with Latin America and East Asia. The U.S. emphasis on trade as a component of aid policy has a history that can be traced to the origins of the Cold War.

In 1947, the United States took the lead in organizing the General Agreement on Tariffs and Trade (GATT). The GATT laid down a set of ground rules for international commerce among the twenty-three nations that originally signed the accord. Membership in the organization meant acceptance of the free-market economic principles upheld by the United States, Western Europe, and Japan, and a rejection of the Soviet system. For that reason, expansion of GATT was a top priority for U.S. policymakers. The United States was willing to allow developing countries to join GATT (now known as the World Trade Organization, or the WTO) on special terms. Many were given extra time to lower their import tariffs (taxes on imported goods) and take other steps to open their markets to foreign competition.

In addition, the United States adopted measures on its own that were designed to encourage exports from developing countries. The creation of the Generalized System of Preferences in 1976 granted special tariff breaks on exports from certain developing countries. The United States also allowed American-made parts shipped abroad for assembly to re-enter the United States free of tariffs. As a result, hundreds of U.S. manufacturers set up factories in Mexico near the U.S.

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**Trade and Investment in Africa**

One example of the U.S. emphasis on trade and investment can be found in U.S. policy toward Africa. The United States hopes to integrate African countries into the global economy by encouraging foreign investment and trade. Sub-Saharan Africa (defined as the countries of the continent that do not border the Mediterranean) absorbs only about 1 percent of the investment entering the developing world. U.S. policymakers contend that economic and political reform will make the region more attractive to outside investors. They believe that clearly targeted economic assistance can lay the groundwork for later growth. To spur African nations forward, the United States has offered trade benefits to countries that lower import tariffs and reduce the government’s role in the economy. The United States also forgave over $1.3 billion in debt for twenty countries in the 1990s.

This U.S. policy emphasis also has strong critics. Many of Africa’s potential agricultural exports, such as sugar, peanuts, and beef, are kept out of the American market by high import tariffs designed to protect U.S. farmers from foreign competition. Additionally, extensive agricultural subsidies in the United States and many European countries severely damage the chances that African farmers (and those from other developing countries) can make a living off of their goods. Subsidized farmers are able to sell their products at or below production costs. When their products hit the world market, non-subsidized farmers have a very difficult time staying afloat. Most are unable to. Moreover, American donations to African countries of powdered milk, wheat, and other surplus commodities often have a negative side effect of holding down prices for local farmers further. This damages the economy, infrastructure and business prospects, and at times, makes countries dependent upon handouts.

Former South African President Nelson Mandela and other prominent Africans maintain that the U.S. emphasis on trade fails to address Africa’s deep-seated problems. Mandela and others argue that the United States must provide more economic assistance and reduce the heavy debt burden of sub-Saharan African nations, while doing away with agricultural subsidies in the U.S. in order to level the playing field.
border to take advantage of cheap Mexican labor and the absence of tariffs.

What are the controversies surrounding trade and investment as an alternative to foreign aid?

Some experts see foreign aid as an artificial crutch which actually prevents countries from making the structural changes necessary for future growth. Sometimes recipients of foreign aid dollars mismanage the funds, or the funds do not go to the intended projects. When wealthy nations increase trade to developing countries and help them to develop sound free trade policies, supporters say, developing nations can experience more lasting growth and can begin to protect themselves against future problems. Supporters of the WTO and more open trade argue that new industries geared toward exports spring up in developing countries, providing more jobs.

On the other hand, critics of free trade note its negative effects. They maintain that losers outnumber winners in the global economy. The losers are typically found among the working class and the poor. Increased competition from large, multinational corporations can put small, local farmers or factory owners out of business. Additionally, large corporations can keep wages low, focusing more on the bottom line than on the welfare of their workers. Critics of increased trade note that development aid, directed at specific projects, is more likely to go toward education, health care, and other programs. They say that free trade only benefits rich investors from wealthy countries.

Finally, some believe that trade, investment, and foreign aid can work successfully together.
Part II: Case Studies in Aid Policy

As you read in the introduction, there are four broad categories of foreign aid the United States provides—humanitarian assistance, military and security aid, economic stabilization, and development assistance. Often, different forms of aid are provided in conjunction with one another. In the coming pages, you will read four U.S. foreign aid case studies. Although some of the described situations include more than one type of aid, each case study highlights a different form of U.S. foreign assistance.

Humanitarian Aid

Humanitarian assistance appears to be the least controversial form of foreign aid that the United States provides. There is a long tradition of the U.S. government responding to humanitarian needs. The tradition of religious and volunteer organizations helping those in need goes back even further. Today, images of human suffering transmitted by 24-hour news networks can quickly galvanize American public opinion behind U.S. participation in efforts to feed, clothe, and provide basic medical care to people in need.

Why is there a need for humanitarian assistance?

In some cases, countries suffering from a natural disaster simply do not have the economic resources to deal with widespread destruction. In other cases, however, vast human suffering can often be complex and have numerous causes. For example, a country suffering from widespread famine may also be feeling the effects of civil war, a corrupt or ineffective government, and long-term poverty. In such a case, the provision of food, shelter, and medical supplies, while terribly important and necessary, may be treating only the symptoms and not the underlying causes of the famine. In addition to humanitarian assistance, the other kinds of foreign aid described in this reading—development assistance, military and security aid, and economic stabilization—may be necessary to address the underlying causes of a humanitarian disaster so that it does not recur.

What factors contribute to decisions to provide humanitarian assistance?

With limited resources, how much and what kind of humanitarian assistance the United States provides is often affected by political or even security concerns. For example, the U.S. government provided humanitarian assistance to Haiti in the 1990s, in part to stem the flow of Haitian refugees attempting to get to the United States by boat. In addition, domestic political priorities affect how and
what kind of resources the United States allocates to humanitarian assistance. The death of eighteen U.S. soldiers in Somalia in 1993 during a UN peacekeeping mission had a strong negative effect on the public's opinion about military operations in support of humanitarian assistance. Just a few years later, the Clinton administration had little desire to risk the lives of any American soldiers in an effort to prevent a humanitarian disaster in Rwanda—a genocide that resulted in the deaths of approximately 800,000 people.

Special interest groups in the United States are another domestic political factor that contribute to U.S. decisions on humanitarian assistance. For example, many Americans, proud of their diverse cultural backgrounds, form groups that provide humanitarian or economic assistance to the country of their ethnic or national origins. They also lobby Congress in support of U.S. aid. Well-organized ethnic constituencies in the United States can lobby with tremendous success. For example, both Armenian and Haitian lobbying efforts in the United States have had profound effects on U.S. aid policy. At the other end of the spectrum, the country of Sudan has languished in a humanitarian crisis for two decades. The suffering of the people of Sudan has received only sporadic attention in the media, even though religious and human rights groups have struggled to get the United States to pay more attention to this conflict.

Case Study: Sudan

Sudan has been the scene of a horrific civil war for the past twenty years. The origins of the war lie partly in religion, with the Arab-dominated Islamic-based government in the north fighting rebel African Christian groups in the south. Other causes of the conflict include a struggle for control of scarce resources. In recent years, increasing revenues from oil production have enabled the government to spend more on weapons. Rebel groups in the south have declared the oil companies located there to be a target of their struggle.

What have been the effects of the conflict in Sudan?

The human consequences of the conflict are beyond most of our imaginations. Two million people—nearly 8 percent of Sudan's population—have died of famine and disease and in brutal fighting. Frequent droughts have led to three periods of famine since 1988. In the south, civilians barely have enough food or clothing to survive. Children have been conscripted into the army and there are credible reports of slavery and widespread government bombing of civilian areas. More than four million Sudanese have been driven from their homes since the fighting began. Essentially they live like refugees in their own country—called IDPs or Internally Displaced Persons. Nearly a half-million Sudanese have fled Sudan.

"There is perhaps no greater tragedy on the face of the earth today."
—former Secretary of State Colin Powell

Unlike other humanitarian emergencies that have received attention in the media and on the news, this crisis is not on most Americans' television screens. Nonetheless, since 2003, the U.S. has contributed over $1 billion in foreign aid for the Sudanese civil war.

What are the obstacles to humanitarian assistance in Sudan?

There are many obstacles to relieving the suffering in Sudan. The government of Sudan tightly controls the access of all relief organizations, including the United Nations. Access to parts of the southern regions is simply denied. In other regions of the country, the government frequently denies access for relief efforts collectively known as Operation Lifeline Sudan. Humanitarian organizations and their operations are also often attacked or targeted by the government. In addition, rebel forces have attempted to impose their own conditions on relief agencies’ work in the area to manipulate the flow of humanitarian assistance for their own ends. Finally, relief workers are often harassed or attacked and
organizations are forced to evacuate their staff for security reasons.

*What are the controversies surrounding providing humanitarian assistance in Sudan?*

Food and famine have been used as a weapon of war in Sudan. In a country of scarce resources, humanitarian assistance has become a valuable commodity that all participants in the conflict try to manipulate to their own advantage. Weakened populations are coerced or forced to flee to certain areas and burden rebel or government forces. This puts great strains on humanitarian agencies trying to provide their services. In a sense, the agencies have become pawns in the conflict. Additionally, money that the government has not had to devote to food or shelter because of humanitarian donations has been largely devoted to purchasing weapons. The same has been true for the rebels in the south.

Some critics of the aid efforts in Sudan argue that the foreign humanitarian supplies of food have prolonged the war, creating a situation where aid actually harms more than it helps. Until June 2001, the United States refused to supply humanitarian aid to drought victims in the government-controlled north because it was believed that this aid allowed the government to divert resources to continuing the war. Opponents argued that denying aid meant more innocents died while the government continued the war anyway. Others have suggested steps that would punish foreign oil companies that do business in Sudan. (U.S. businesses are already prohibited from doing business there.) The foreign oil companies argue that they are a force for positive change in Sudan, providing clean water, education, and medicine. Still others suggest that the United States apply a no-fly zone in southern Sudan to prevent the government bombing of civilians and of humanitarian operations.

Recent negotiations and a peace proposal signed in early January 2004 suggest progress for Sudan. It remains clear, in light of past failed peace accords and continuing animosity in the country, that there is still much to be done. The question of aid to Sudan has grown even more complex with the ongoing conflict in the western Darfur region. An arid and isolated area the size of France, Darfur is home to sedentary farmers and nomads fighting over limited natural resources. The conflict has resulted in widespread violence. The janjaweed, a purportedly government-sponsored police force, is wreaking havoc in the area, burning villages and killing civilians. The escalating crisis has alarmed the international community, but the Sudanese government is making it hard for both humanitarian aid workers and aid donors to help.

In 2005, the U.S. pledged a further $1.7 billion in humanitarian and reconstruction aid for the south and the Darfur region. Whatever additional actions the United States takes in the country will require examining the complex moral and political issues that govern our country’s foreign aid policy. Is aid in Sudan doing more harm than good? Is it possible to ensure that the aid reaches the needy rather than the war lords? Should American lives be risked to ensure proper delivery of humanitarian aid?

### Military and Security Aid

Over the years, military and security aid has been the most controversial type of aid that the United States has provided. Even with the end of the Cold War, the provision of military aid still sparks great debate.

*Why does the United States provide military and security aid?*

The United States provides military and security aid to nations around the world to further its own security interests. Egypt, Israel, and Taiwan are among the largest recipients of U.S. military aid. Over the years the United States has also provided a great deal of mili-
tary and security aid to our neighbors to the south: the nations of Latin America. In fact, the United States first undertook militarily-focused foreign aid programs in Cuba after the United States gained control of the island after the Spanish-American War of 1898.

In the early decades of the twentieth century, American assistance efforts went hand-in-hand with the expanding role of the U.S. military and American business in the region. The United States repeatedly intervened in the Caribbean, Central America, and Mexico. In several countries, especially Cuba, Haiti, and Nicaragua, American troops maintained almost a constant presence into the 1930s. At the same time, the United States built roads, hospitals, harbors, and railroads, usually to support American investments. Policymakers also viewed the region as a test case for America’s ability to transplant democratic values and reduce poverty.

U.S. involvement in Latin America has often sparked controversy. During the Cold War, U.S. policy in the region was torn between the emphasis on containing the spread of communism and the need to improve the lives of the poor and promote democracy and human rights. Cold War strategy often led the United States to provide military and diplomatic backing to brutal military dictators in the name of fighting communism.

**How has U.S. policy in Latin America changed in recent decades?**

The developing world debt crisis of the 1980s prompted a review of U.S. priorities in Latin America. Most Latin American nations had dug themselves into a hole through heavy borrowing, with Brazil and Mexico leading the list. Country after country in the region adopted economic reform programs crafted by the IMF. The belt-tightening measures hit the poor the hardest, and the impact soon spilled across U.S. borders. The number of illegal aliens crossing into the United States from the region soared during the 1980s.

The end of the Cold War and an economic upswing have changed perceptions on both sides of the cultural divide that separates the United States from its southern neighbors. U.S. officials now view Latin American nations as trading partners rather than as allies in the struggle against communism. Dictatorships have given way to democratic governments. Peace has come to many countries scarred by civil war.

The trends in Latin America, however, are not all positive. Despite impressive economic growth in recent years, countries have made little progress in reducing the region’s widespread poverty. The gap between the rich and the poor in Latin America remains wider than in any other part of the world and has widened during the economic boom of recent years. Moreover, democracy in the region has yet to sink deep roots. In many Latin American nations, powerful militaries continue to operate outside of the law. While U.S. economic assistance in Latin America has sought to improve conditions for the poor, the programs have been overshadowed by our country’s efforts to stop the flow of illegal drugs from the region.

**Case Study: Plan Colombia**

Ninety percent of the cocaine and most of the heroin entering the United States comes from Colombia. On July 13, 2000, President Bill Clinton signed a bill promising $1.3 billion in aid to Colombia to help the Latin American nation fight its war on drugs. Today, more than $2.4 billion has been appropriated to the country. The Bush administration continued Plan Colombia, as the aid program is known, and supports several different efforts to curb Colombia’s illegal narcotics industry—the largest in the world. But many have criticized the program, designed to slow the flow of cocaine and heroin into the United States from Colombia, as ineffective and misguided.

**What is the purpose of Plan Colombia?**

Through Plan Colombia, the United States hopes to address its own drug problem by reducing the drug supply at its source. The Co-
lombian government welcomes U.S. concern about drug trafficking. The U.S. aid package contributes to a larger Colombian government program to strengthen democracy and create peace in the country.

For most of its history, violent conflict has plagued the Republic of Colombia as various revolutionary groups have tried (sometimes successfully) to overthrow the government. Particularly since the 1980s, these guerrilla forces fighting against the government have become more and more involved in drug cultivation and trafficking. They impose taxes on those who grow the drugs, using the money to finance their armed resistance. The Colombian government hopes that by reducing the trade of illegal drugs, it can weaken the guerrillas, advance the peace process, and strengthen democracy.

How are U.S. resources used in Plan Colombia?

The U.S. involvement in Plan Colombia has several dimensions. Most of the resources are dedicated to helping the Colombian army and police force reduce the cultivation of coca and opium poppies. One method involves crop-duster planes spraying fields of coca and poppies with an herbicide to kill the plants. Some American personnel and equipment have been used on these missions, and the American military has provided equipment and training for Colombian military escorts to protect the crop-dusters from being attacked by the guerrillas who protect the fields.

Other U.S. money goes to alternative development programs. These programs offer help to peasant farmers, encouraging them to grow legal food and cash crops in place of coca. Alternative development also supports improving and expanding basic infrastructure such as schools, clinics, roads, and water systems. Additionally, Plan Colombia focuses on improving drug interdiction, reforming the Colombian judicial system, and improving human rights practices in the country.

The U.S. contribution to Plan Colombia has provoked a strong reaction in the United States, Colombia, and abroad. These reactions help to clarify some of the beliefs and values that underlie the U.S. decision to extend foreign aid to Colombia.

What are the controversies surrounding Plan Colombia?

Some object to U.S. involvement in Colombia altogether. For example, some in the United States feel that the U.S. military involvement has the potential to escalate, requiring more troops. Many Colombians believe that America should deal with its drug problem within its own borders instead of interfering in Colombia.

Others question the nature of U.S. aid. The policy of aerial spraying of coca fields has raised objections on several fronts. While the U.S. government claims that the herbicide used does not contaminate water or soil or cause illness in humans or animals, many Colombians have reported illness after fields around their homes were sprayed. Also, many small farmers grow coca plants among legitimate crops and aerial spraying typically kills entire fields, leaving peasants with little food or means of making a living. While the budget for Plan Colombia includes money to assist farmers in cases such as this, some farmers say that the money is not yet available—and in the meantime, they have nothing to eat or sell.

Perhaps the biggest controversies surround the goals and priorities of the U.S. component of Plan Colombia. The U.S. government argues that anti-drug efforts in Colombia will help ad-
dress the drug problem in America, so funding Plan Colombia is clearly in U.S. interests. The government also claims that promoting better human rights practices and assisting in economic development in Colombia are important goals. Nonetheless, critics note that groups affiliated with the Colombian military have been accused of widespread ongoing violations of human rights, including torture and murder, while in pursuit of suspected guerrillas.

How has the U.S. responded to these concerns?

The U.S. State Department acknowledges that fighting the drug war in Colombia cannot be successful without addressing the other problems that plague the country, such as civil war, corruption, and poverty. And because the rebel groups in Colombia rely so heavily on the drug industry, helping the Colombian gov-
ernment fight against drugs also helps it fight against the rebel groups. Significant amounts of coca are grown in non-rebel controlled areas, yet a disproportionate amount of spraying takes place in rebel-controlled areas. Critics believe that Plan Colombia is more a plan to aid the stabilization of the Colombian government rather than one which decreases coca production. Some critics say that the United States should not be involved in another country’s civil war.

Deciding whether and how we should be involved with Plan Colombia clearly depends on the values and goals that underlie U.S. foreign policy. Should the United States focus its resources on stopping drug abuse at home rather than destroying coca plants in another country? Is there a point where our involvement in Plan Colombia becomes direct involvement in Columbia’s civil war?

Economic Stabilization

The rapid globalization and integration of the global economy has heightened awareness of the need for international financial stability. An economy that collapses can have profound effects on its neighbors, not only hurting the world economy but creating a situation where instability and conflict are more likely to spill across borders.

Why does the United States provide funds for economic stabilization?

U.S. officials have realized the importance of emergency economic stabilization funds. Without them, other U.S. foreign policy priorities, such as creating free trade and markets for U.S. goods and even nurturing the growth of democracy, would become more difficult to implement.

The United States has several methods at its disposal to provide aid for economic stabilization. It can provide direct loans to a country, as it did when it provided $30 billion in loans to Mexico in the mid 1990s to protect the economy of a key trading partner on our border. It can also work through the IMF—to which the United States is the largest single contributor—to implement the policies it desires.

Case Study: The Asian Economic Crisis

The most dramatic example in recent years of a local economic crisis that quickly spread throughout the world was in Southeast Asia. Few parts of the world have changed their image in American eyes so dramatically as Southeast Asia. In the 1960s and early 1970s, Americans saw Southeast Asia as the battle- field of the Vietnam War. The countries of the region, mostly poor and unstable, were considered ripe for communist takeover.

By the mid-1990s, Southeast Asia seemed to be a showcase of successful development. The region enjoyed one of the highest economic growth rates in the world. For example, South Korea’s exports grew by 25 percent every year from the late 1950s to the mid-1980s. Foreign investors rushed to put their money in local markets. Tens of millions of people were climbing out of poverty to claim a foothold in the middle class.
With the economic crisis that began in 1997, however, Southeast Asia's image changed dramatically. The region quickly came to symbolize the pitfalls of the global economy and rapid development. Rather than attracting praise and admiration, Southeast Asian societies were more likely to be criticized for corruption and mismanagement.

With U.S. backing, the IMF took the lead in addressing the Southeast Asian crisis. In 1997, IMF officials put up the fund's own money and gained further commitments from other wealthy lenders to assemble huge financial rescue packages for Indonesia and Thailand. The IMF offered Indonesia $43 billion in credit and Thailand $17 billion. The rescue packages were among the largest ever arranged by the IMF.

The money, however, came with strings attached. Countries accepting IMF help are required to follow the Fund's recommendations for reform. In Southeast Asia, this included demands to bring the rules for banking and finance in the region more in line with Western standards. In addition, the IMF pressed Southeast Asian governments to cut government spending.

Why did Indonesia's president resist the IMF's plan? Thailand was generally a willing partner with the IMF, but Indonesia’s President Suharto resisted. While IMF officials and Suharto negotiated, the value of Indonesia’s currency dropped further. By the time Suharto agreed to cut the government subsidies that kept the prices of food and gasoline artificially low, millions of Indonesians had reached the point of desperation. In early 1998, bloody riots swept the country. Suharto resigned and was replaced by B.J. Habibie, who pledged to enact reform and rein in corruption. Nonetheless, Indonesia’s economy continued to slide downward.

Throughout the early stages of the Southeast Asian crisis, the region’s officials looked anxiously to Washington for leadership. In Thailand, the hope was that the United States would provide direct financial assistance, as it had done for Mexico in 1995. Instead, U.S. officials insisted that the IMF deal with the emergency. The United States also blocked a proposal by Japan in 1997 to set up a $100 billion fund for East Asia with financing from Japan, Hong Kong, Taiwan, and Singapore. According to U.S. officials, a separate fund would have challenged the authority of the IMF and tripped up momentum for reform.

The formula advocated by the United States and the IMF, however, did not bring the quick recovery in Southeast Asia that many economists had anticipated. Rather, the collapse of the region's financial system dragged economies into a deep recession. Indonesia's
economy shrank by about 20 percent in 1998 and the country's currency lost 85 percent of its value against the dollar. In Thailand, the economy shrank by about 7 percent. Other Southeast Asian economies faced similar hardships.

In human terms, the crisis threatened to undermine a generation's worth of advancement. With so many businesses in the region unable to pay back their loans, even companies that had avoided debt found that they had no market for their products and no source of credit. Many were forced to lay off workers. Millions who had found jobs in the cities in recent decades were forced to return to their native villages.

What were the controversies surrounding the emergence of and response to the Asian financial crisis?

The collapse of Southeast Asia's economic miracle in mid-1997 spawned a wide range of competing analyses and theories about what went wrong. In the United States, many officials and financial specialists argue that Southeast Asia's crisis was rooted in home-grown weaknesses. They maintain that close connections between governments, banks, and businesses fed corruption and undercut effective regulation. They also note that the currencies of many Southeast Asian nations were overvalued, encouraging companies to borrow from foreign banks and consumers to buy foreign goods.

The U.S. approach to putting Southeast Asia's economies back on track involved applying free-market principles more rigorously. In particular, U.S. policymakers called for reforms to require Southeast Asian banks to operate more openly, as banks do in the United States. They also recommended that governments phase out their ties to the business world.

In Southeast Asia, the explanation of the crisis has centered on the role of outside forces. Leaders recall that foreign lenders were eager to pump billions of dollars of credit into their region while economic times were good. Southeast Asian leaders place much of the blame on Wall Street investors who have the power to instantly transfer billions of dollars electronically. In addition, there is growing resentment and mistrust of the United States. Some suspect that the IMF is acting on behalf of Wall Street to cripple their economies and force companies to sell their assets cheaply to U.S. investors. They insist that wealthy countries must accept their share of responsibility for sparking the Southeast Asian crisis and should contribute more to preventing future such events. In the meantime, they advise all developing countries to protect their economies from the often rash swings of the global marketplace.

The economic crisis affected the global economy but specifically hurt other developing countries. The crisis undermined confidence, making banks in developed countries reluctant to give loans to emerging economies like Russia and Brazil.

In the United States, the Southeast Asian crisis has raised questions about the role of the American business community in the developing world. Of particular concern is the impact of huge flows of money on the economic stability of developing countries. Critics of the free market have suggested extreme controls on financial markets. They also argue that U.S. corporations operating in Southeast Asia should take stronger measures to protect the environment and safeguard the rights of workers.

Should U.S. foreign aid necessarily incorporate guidelines that promote environmental health, human rights, and rights of workers? How can we differentiate between providing needed assistance and promoting our own values and political agenda? Should we differentiate, or do we have the right and responsibility to combine the two?
Development Assistance

A discussion of U.S. development assistance policy requires opening a door to a world of hardship that most Americans can scarcely imagine. According to U.S. government estimates, about one in nine Americans lives below our country’s official poverty line. Life for America’s poor is bleak, but even our country’s poorest citizens generally have access to electricity, heating, safe drinking water, free education, and other basic services. In contrast, many of the modern conveniences that almost all Americans take for granted are beyond the reach of three billion people in the developing world who earn less than $2 a day.

Why is there a need for development assistance?

Conditions in Sub-Saharan Africa illustrate the poverty of much of the developing world. Taken as a whole, the picture in sub-Saharan Africa is indeed grim. One-quarter of children in sub-Saharan Africa die before their fifth birthday. Less than one-fifth of the region’s teenagers attend high school. Statistics indicate that income and food production have fallen in most countries over the last two decades. At least two-thirds of the people in the world infected with HIV/AIDS live in sub-Saharan Africa.

Meanwhile, population growth in sub-Saharan Africa is the highest in the world. At present rates, the number of people in the region is expected to grow from 610 million today to more than 1.1 billion by 2020. In recent years, the world has been horrified by scenes of a genocide in Rwanda that claimed some 800,000 lives, famine in Somalia, and bloody civil wars in Liberia, Sudan, Angola, Burundi, Congo and elsewhere. In several war-torn countries, including Angola and Somalia, roughly twice as much money has been spent on the military as on health and education. In all, the continent has eighty-three soldiers for every doctor. (The ratio is four to one in the developed world.)

A single snapshot of sub-Saharan Africa, however, overlooks the continent’s diversity and promise. Much of southern Africa has made substantial progress over the last twenty years. More than half of sub-Saharan Africa’s forty-eight countries have recently held democratic elections, and independent newspapers have gained influence throughout the region. Educational opportunities have expanded in certain countries as have human rights.

But, as the case of HIV/AIDS in South Africa demonstrates, challenges remain. They are not Africa’s challenges alone, however. The HIV/AIDS epidemic transcends national boundaries and has become a truly international crisis. How best to address the many layers of the problem is a major component of U.S. foreign aid policy.

Case Study: Confronting HIV/AIDS

HIV/AIDS killed more than 3.1 million people in 2004. About 4.9 million others acquired the virus the same year, bringing the total number of people living with HIV (the virus that causes AIDS) or AIDS to more than 39.4 million. The epidemic reaches across the globe; currently 1.1 percent of the world’s adult population has AIDS or HIV. The disease has taken a much higher toll in some nations, however, bringing many countries’ national HIV/AIDS rates well above the global average.

In South Africa, for example, five million people—over 20 percent of the population—are estimated to be infected with HIV/AIDS. In 2003, more than 456,700 South Africans died of AIDS-related illnesses and nearly 500,000 of the country’s children have been orphaned by the disease since it first appeared in the early 1980s.

South Africa’s HIV/AIDS epidemic resembles that of many of the world’s developing countries. Incidence of HIV/AIDS is highly concentrated in the developing world. In fact, sub-Saharan Africa, home to just over 10 percent of the world’s population, has more than
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<th>Life expectancy at birth (years)</th>
<th>Death rate for infants under 1 year (per 1,000)</th>
<th>Adult literacy (%)</th>
<th>Physicians per 100,000 people</th>
<th>Percent of people below poverty line</th>
<th>Percent of Adults with HIV/AIDS</th>
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**WORLD'S LEAST DEVELOPED COUNTRIES**

60 percent of the world's cases of HIV/AIDS. In several countries in sub-Saharan Africa, more than one in four people are living with HIV/AIDS. Although some countries have managed to slow the infection rate, it is skyrocketing in others. In Swaziland, for example, the infection rate is now at almost 40 percent of the total population. A decade ago it stood at 4 percent.

**Why has the AIDS crisis in the developing world sparked such strong rhetoric in the international community?**

Businessmen and investors have spurred the rush for short-term gains. When presented with the devastating scope of the disease, many people and nations around the world feel that they must do something to help stop the spread of AIDS and alleviate its victims' suffering. There are other reasons for the strong response as well.

HIV/AIDS and development are linked in a troubling cycle. The disease is likely to spread more rapidly and cause more devastation in developing countries than in industrialized ones. This is in part because poorer nations often lack the resources and infrastructure to educate their citizens about the causes and prevention of HIV/AIDS and to provide treatment for those who are infected. Furthermore, the political instability that plagues much of the developing world worsens the epidemic. For example, conflicts in sub-Saharan Africa have forced millions of people to flee their homes and become refugees. The mobility of the population increases the spread of the disease across communities and borders.

"Many of us used to think of AIDS as a health issue. We were wrong. AIDS can no longer be confined to the health or social sector portfolios. Across Africa, AIDS is turning back the clock on development."

—Former World Bank President James Wolfensohn

At the same time that conditions in developing countries intensify the effects of HIV/AIDS, the prevalence of the disease makes further economic development more difficult. With such high percentages of their populations infected with HIV/AIDS, many developing nations face problems of decreased worker productivity and a shrinking labor
force. Additionally, some governments find themselves devoting money to health care programs that they would otherwise spend on other areas of the economy. HIV/AIDS threatens to undo much of the progress that developing countries have made in recent decades.

“This is not a dilemma—it is an opportunity. For AIDS is, more than anything else, an invitation to redouble our efforts in development. Poverty, ignorance, unemployment and inequality are the handmaidens of the epidemic. They help spread HIV and AIDS, and, in turn, undermine development.”

—Dr. Peter Piot, Executive Director of UNAIDS, Under Secretary General of the UN

What is the United States doing to address the global HIV/AIDS crisis?

The United States donates more money than any other nation to international HIV/AIDS research and assistance programs. Since 1986, the government has given over $2 billion through USAID for the relief and prevention of HIV/AIDS in the developing world. The United States has also been the largest single donor to the Joint United Nations Programme on HIV/AIDS (UNAIDS), giving approximately $15 million a year.

U.S. aid money is spent on a variety of programs. Those include training for health care managers, strategy development to deal with the thousands of AIDS orphans, improvements in HIV/AIDS education, purchase and distribution of condoms, and research on drugs and treatment programs.

Under President Bush, U.S. monetary commitment to the global fight against HIV/AIDS has increased. President Bush has made it a U.S. foreign policy priority, proposing an “Emergency Plan for AIDS Relief.” Congress responded in May 2003 by passing the “United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003.” This act commits $15 billion (including nearly $10 billion in new money) over the to the most afflicted nations of Africa and the Caribbean until 2008. This increase virtually triples the U.S. commitment to international AIDS assistance. Some worry, however, that political pressure and regulations tied to the aid will prevent progress in the fight against HIV/AIDS.

“We can turn our eyes away in resignation or despair or we can take decisive, historic action to turn the tide against this disease and give the hope of life to millions who need our help now....”

—President Bush, 2003 World AIDS Day

What controversies surround the response to the crisis?

For all the humanitarian goodwill and foreign aid money that are directed at the HIV/AIDS epidemic, the challenges are enormous. There is also a great deal of controversy over the best response to the crisis.

Perhaps the most heated debate surrounds the issue of drug treatment for people already infected with HIV/AIDS. In the last decade, major pharmaceutical companies have developed a combination of drugs that is widely believed to slow the progression of HIV to AIDS and significantly extend the life expectancy of those infected with HIV. Currently, these drugs are very expensive, costing between $12,000 and $15,000 per person per year.

Needless to say, most people in developing countries cannot afford the drugs at these prices. But because the pharmaceutical compa-
nies hold patents on the drugs, it is generally illegal for other companies or governments to make cheaper, generic "copies" of the drugs. (While corporate heads and stock holders often see huge personal financial gains from these profits, some of the profits do go to fund further research on treatments and vaccines for HIV/AIDS.) However, the governments of some countries, including Brazil and India, have allowed their scientists to ignore the patents and to make and sell generic drugs. These governments insist that the HIV/AIDS epidemic is a "national emergency" which justifies the violation of the patent laws. Others have called on the pharmaceutical companies to donate the drugs to developing countries, or to sell them at greatly reduced prices. Still, some countries are simply importing generic drugs at very low costs. As the scope of the epidemic increases, the question of what to do about drug treatment will continue to be an important one.

At the same time, some people argue that we should not focus so much on treating HIV/AIDS. Instead, we should concentrate money and attention on preventing HIV/AIDS and treating other illnesses—like tuberculosis, malaria, and diarrhea—that are also common and deadly but that are more easily and affordably treatable than HIV/AIDS.

Even efforts to prevent the further spread of HIV/AIDS have encountered challenges and resistance. Non-governmental organizations (NGOs) and governments have established programs and clinics to educate people about the effects and transmission of the disease, as well as to promote condom use and discourage sharing of hypodermic needles. But often, cultural norms and attitudes, along with extreme poverty and lack of employment opportunities pose a challenge to these efforts. For example, in sub-Saharan Africa more women than men are infected with HIV/AIDS. This is largely due to gender attitudes that make it difficult for women to demand that their partners use condoms or to refuse unprotected sex. A lack of employment options for women has created a large sex worker population in countries in sub-Saharan Africa as well. Additionally, incidence of sexual violence against women is high, further increasing women's exposure to HIV/AIDS. Furthermore, discussion of HIV/AIDS is often considered taboo, and those living with the disease are often stigmatized, making prevention efforts even more difficult. These cultural norms and deeply seated inequities around the world are hard and slow to change.

As the impact of the HIV/AIDS epidemic grows stronger in the years ahead, the United States will have to make important choices about its goals and priorities in fighting the disease. Should the United States concentrate its resources and efforts on combating the disease at home? To what extent is HIV/AIDS in the developing world an international concern? What should be our priorities in foreign aid?

In the coming days, you will have an opportunity to consider three distinct alternatives—or options—for U.S. foreign aid policy. Each option includes a set of policies on specific issues, an overview of the beliefs that underlie it, and some arguments in support of the position as well as some criticisms of it. The options are not intended as a menu of choices. Rather, they are framed in stark terms to highlight very different policy approaches, the ramifications of each, and the risks and trade-offs involved. At the end of this unit, you will be asked to create an option that reflects your own beliefs and opinions about where U.S. foreign aid policy should be heading. In doing so, you may borrow heavily from one option, combine ideas from several options, or take a new approach altogether. You will need to weigh the risks and trade-offs of whatever you decide.
Options in Brief

Option 1: Share the American Dream
As never before, the United States today has an opportunity to spread democratic values and free-market economic principles worldwide. At this crucial moment of history, the peoples of the developing world are looking to us to guide them to a brighter future. The United States must take a leadership role to ensure the health of the global economy, helping those in need, and aiding developing countries. We should focus our foreign aid dollars on helping them enter the global marketplace. As the world's economic leader and strongest democracy, the United States has more to gain from the success of the democratic, free-market revolution than any other country.

Option 2: Join Hands for a Better World
The challenges facing the planet demand cooperation. Americans cannot fence themselves off from the challenges outside their borders. Rather, we have to join with other nations to make the world a better place. The UN is in a unique position to lead the way. The United States should play a leading role in supporting an international effort to improve life in the developing world and helping those in need. The developing world has long served as a source of minerals, low-priced export crops, and cheap labor. Now the time has come to share our wealth. The people of developing countries have to be part of the decision-making process to promote sound, sustainable growth of their economies. We cannot afford to ignore the problems of a planet that is growing ever smaller.

Option 3: Put America First
For decades, U.S. foreign policy has been weighed down by the illusion that the United States could change the world. Now the time has come to recognize the lessons of recent history. American assistance has done little to relieve the poverty and misery that haunt much of the developing world. The United States should cut back on its spending abroad. Our limited resources should be targeted at promoting U.S. interests at home and abroad, not on chasing hopeless dreams. Only foreign aid programs that are designed to meet specific American needs have a place in the U.S. budget. The rest should be cut. The United States has too many problems of its own to throw money at the problems of other countries. We owe it to our own citizens to devote the bulk of our resources to resolving issues here in America.
Option 1: Share the American Dream

As never before, the United States today has an opportunity to spread democratic values and free-market economic principles worldwide. The last decade has witnessed an unprecedented rush toward democracy and the free market. Countries throughout the world now recognize that neither Soviet communism nor the closed economic models of the Third World offered an alternative to our own political and economic system. The financial panic that began in Southeast Asia, however, highlights the unique challenges of globalization. The remarkable gains that have been achieved throughout the world are at risk. At this crucial moment of history, the peoples of the world are looking to us to guide them to a brighter future.

The United States must take a leadership role to ensure the health of the global economy by focusing our foreign aid dollars on helping developing nations enter the global marketplace. Recipients of U.S. aid should be prodded to open their economies to free-market competition. American assistance should also be used as a lever to promote fair elections, an independent press, women's rights, and other important elements of a free society. To ease the transition toward democracy and the free market, Americans should take bolder measures in the developing world to encourage trade and investment. We should also be willing to use our military forces to provide humanitarian assistance to those in need. As the globe's economic leader and strongest democracy, the United States has more to gain from the success of the democratic, free-market revolution than any other country.

What should we do?

**Goals and methods:** The United States should encourage free-market economics, democracy, and other fundamental American values in the developing world. U.S. aid should be used as a tool to promote positive change and broaden the international trading system. Assistance should be denied to governments that violate human rights or block the path to economic reform. To create fairer, more just societies, we should press for the rights of women and minority groups.

**Spending priorities:** U.S. aid should be concentrated on developing countries that have shown a commitment to economic reform and democracy. Spending on economic aid should be increased, while security assistance should be reduced. Countries that have taken the boldest steps toward the free market, such as Thailand and Brazil, should be given special help to weather financial setbacks. Overall spending on U.S. foreign aid should increase significantly.

**Policy steps:** The United States should emphasize aid programs that develop laws and regulations necessary for a free-market economic system, ensure fair elections, promote the rights of women and minority groups, spur the creation of small businesses, and control population growth. The United States should lower trade barriers and cancel debts to reward countries that make the most progress toward economic reform and democracy. We should also use our influence to press the UN, the IMF, and the World Bank to adopt policies similar to our own.
Option 1 is based on the following assumptions

- Foreign aid is an essential tool of U.S. foreign policy.
- Well-designed economic assistance programs are effective in promoting free-market reform and furthering democratic values in poor countries.
- Maintaining America's international leadership is essential for global peace and prosperity, especially in times of turmoil.

Arguments for

1. Increasing the number of countries that share the values of free-market economics and democracy will advance the cause of international peace and reduce the threat of terrorist attacks against the United States.

2. Investing in the development of emerging free-market economies will pay off in the form of new trade and investment opportunities for Americans.

3. Helping improve life in developing countries will reduce anti-American feelings overseas and restore America's position of international leadership.

Arguments against

1. By acting alone in aiding the developing world, the United States will undermine international cooperation in addressing global problems, such as environmental or economic crises, terrorism, drug trafficking, and HIV/AIDS.

2. Pressuring poor countries to accept our political and economic values will trigger an anti-American backlash in the developing world.

3. Closing down foreign aid programs in countries with non-democratic governments only punishes the poor, not the people in power.

4. Failure to coordinate our foreign aid efforts with those of other developed countries and the UN will create confusion and inefficiency in the developing world.

5. Imposing rigid economic reform programs on developing countries will worsen living conditions for the poorest of the poor and push more economies into recession.
Option 2: Join Hands for a Better World

The challenges facing the planet demand cooperation. Whether it is drug-trafficking in Latin America, a deadly epidemic in southern Africa, the ravages of war in east Africa, or an economic depression in Southeast Asia, problems around the world affect us all. Americans cannot fence themselves off from poverty and suffering outside of their borders. Rather, we have to join with other nations to address the world's needs. The UN is in a unique position to lead the way. With the divisions of the Cold War gone, the member states of the UN are now able to work together to reduce human suffering worldwide. The UN's campaign for sustainable economic development is gaining acceptance as a common goal for humanity.

The United States should play a leading role in supporting an international effort to improve life in the developing world. That does not mean that we should run roughshod over the beliefs and traditions of peoples in developing countries. For centuries, the relationship between rich and poor nations has too often been marked by exploitation. The developing world has long served as a source of minerals, low-priced export crops, and cheap labor. Now the time has come to share our wealth. The people of developing countries have to be part of the decision-making process to promote sound, sustainable growth for their economies as well as the world's economy. The protection of the environment must be balanced with the need for economic growth. The drive to increase exports must not come at the expense of small farmers or traditional cultures. The emphasis on promoting free-market principles must give way to concern for poor workers and farmers. We should also be willing to contribute military forces to UN-led humanitarian assistance missions. Contributing to successful development programs will require us to increase our foreign aid budget, but the cost of doing nothing is far greater.

What should we do?

Goals and methods: The United States should cooperate with other nations through the UN to promote sustainable development in the developing world. Priority should go toward helping the poorest of the world's poor. International aid programs should be designed to conform with the beliefs and traditions of recipient countries. Rapid economic and political reform should be rejected if the resulting social changes would be too disruptive. Likewise, economic growth should not cause environmental harm.

Spending priorities: The U.S. foreign aid budget should be channeled into UN programs. Spending priorities should be set by the member states of the UN. U.S. military aid should be phased out. Overall spending on U.S. foreign aid should increase to 0.7 percent of our GDP annually in order to meet the UN Millennium Challenge target.

Policy steps: The United States should encourage the UN to emphasize aid programs that improve basic health care, enhance child nutrition, increase the output of small farmers, and protect the environment. The United States should press for changes in international trade rules to promote exports from developing countries. The United States also should work with other developed countries, as well as with the IMF and the World Bank, to reduce the debt burden of the developing world.
Option 2 is based on the following assumptions

- Wealthy nations, such as the United States, have a moral obligation to help the people of the developing world improve their lives.
- Economic assistance programs should place the needs of people and the environment ahead of the principles of free-market economic reform.
- Global problems can only be effectively addressed when all of the nations of the world have a voice in the process.

Arguments for

1. Involving developing countries in the design of assistance programs will ensure that foreign aid effectively and efficiently meets vital human needs.

2. Strengthening international cooperation is our only hope for solving global problems—such as economic crises, environmental threats, terrorism, drug trafficking, and HIV/AIDS—that extend beyond national boundaries.

3. By promoting global cooperation, the United States will do away with its image as an international bully and gain greater respect from other nations.

Arguments against

1. Emphasizing sustainable development over economic reform will give officials in the developing world an excuse to continue harmful economic policies that stunt the growth that a free market would allow.

2. Providing more handouts to the people of the developing world will undermine the spirit of self-reliance and initiative that the poor need to lift themselves out of poverty.

3. Turning over greater authority to the UN will pump new life into an organization long known for its waste and mismanagement and will weaken the international influence of the United States.

4. Adding billions to the foreign aid budget will draw money away from urgent problems here at home, such as crime, health care, and homeland defense.

5. Giving aid to the rulers of developing countries will, in many cases, serve to prop up corrupt, dictatorial regimes that oppose reform.
Option 3: Put America First

For decades, U.S. foreign policy has been weighed down by the illusion that the United States could change the world. Now the time has come to recognize the lessons of recent history. American assistance has done little to relieve the poverty and misery that haunt much of the developing world. Rather, most of our foreign aid since World War II has been squandered on corrupt, incompetent dictators. Countries that have made progress toward prosperity have moved forward because of their own initiative, not due to outside help. Tearing down past illusions may be painful, but admitting the truth is the first step toward developing sound policy.

The United States should cut back on its spending abroad. Our limited resources for programs overseas should be targeted at promoting U.S. interests, not on chasing hopeless dreams. Only foreign aid projects that are designed to meet specific American needs have a place in the U.S. budget. The rest should be cut. U.S. assistance, for example, should be directed toward opening markets for American exports and strengthening key military alliances. Projects that aim to dismantle nuclear weapons in the former Soviet Union or stop the spread of HIV/AIDS should be given high priority. In the meantime, we should give up on the notion of development assistance. Meddling in other societies seldom produces the desired results and often triggers a backlash against the United States. Working through the UN and other international organizations only compounds the waste and inefficiency. U.S. soldiers should not be put in harm’s way to deliver humanitarian assistance unless our national security is clearly at stake. The United States has too many problems of its own to throw money at the problems of other countries. We owe it to our own citizens to devote the bulk of our resources to resolving issues here at home.

What should we do?

Goals and methods: The United States should use foreign aid to promote its economic and security interests. U.S. aid should serve to reward our allies. Countries that act against U.S. interests should be denied American aid, except for emergency relief. Recipients of U.S. aid should be required to spend the funds they receive on American goods and services.

Spending priorities: U.S. aid should be limited to a few key military allies and important trading partners in the developing world. Assistance should also be provided to prevent crises that would directly affect the United States. For example, the United States should take an active role in stabilizing Caribbean and Central American countries that are most likely to be a source of refugees seeking entry into the United States. Overall spending on U.S. foreign aid should decrease significantly.

Policy steps: The United States should emphasize aid programs that dismantle nuclear weapons in the former Soviet Union, strengthen the defense of key U.S. allies, and introduce American products to potential trading partners in the developing world. We should also use our influence with the IMF and the World Bank to ensure that they press developing countries to adopt free-market principles and lower barriers to trade and investment.
Option 3 is based on the following assumptions

• Economic assistance programs typically foster dependency and corruption in poor countries.

• The growth in private foreign investment

and global trade has largely eliminated the need for foreign aid in developing countries.

• The United States should devote its resources to resolving issues at home.

Arguments for

1. Trimming the foreign aid budget will free up resources needed to solve problems here in the United States.

2. Concentrating U.S. foreign aid on countries in which we have a clear interest will allow us to stretch our tax dollars further.

3. Cutting off U.S. foreign aid will force many countries to undertake serious economic reform and reduce government waste.

Arguments against

1. Cutting back our foreign aid programs at a time when billions of people in the developing world are hungry and oppressed will only lead to anger and resentment against us.

2. Selfishly pursuing only our own interests will undercut the ability of the international community to deal with global problems, such as economic or environmental crises, terrorism, drug trafficking, and the spread of HIV/AIDS.

3. Denying aid to reform-minded governments in the developing world will reverse the global momentum toward democracy and the free-market economic system.

4. Closing down foreign aid operations in some of the world’s most desperate countries will open the door to famine and chaos and serve as a breeding ground for war—conditions will eventually require a costly emergency response by the international community.

5. Abandoning our commitments to the UN and other international organizations will spark resentment among our closest allies and damage our international reputation.
Supplementary Documents

President Kennedy's Speech on Foreign Aid

In the following speech, delivered on March 22, 1961, President Kennedy laid out the principles and organizational structure that were to set the course of U.S. foreign aid policy for the remainder of the Cold War and lead to the creation of USAID.

This nation must begin any discussion of "foreign aid" in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the 1960s.

2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience.

3. There exists, in the 1960s, a historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

Foreign aid—America’s unprecedented response to world challenges—has not been the work of one party or one administration. It has moved forward under the leadership of two great Presidents—Harry Truman and Dwight Eisenhower—anddrawns its support from forward-looking members of both political parties in the Congress and throughout the nation.

Our first major foreign aid effort was an emergency program of relief—of food and clothing and shelter—to areas devastated by World War II. Next we embarked on the Marshall Plan—a towering and successful program to rebuild the economies of Western Europe and prevent a Communist takeover. This was followed by point 4—an effort to make scientific aid and technological advances available to the people of developing nations. And recently the concept of development assistance, coupled with the OECD [Organization for Economic Cooperation and Development], has opened the door to a united free world effort to assist the economic and social development of the less-developed areas of the world.

To achieve this new goal we will need to renew the spirit of common effort which lay behind our past efforts—we must also revise our foreign aid organization, and our basic concepts of operation to meet the new problems which now confront us.

For no objective supporter of foreign aid can be satisfied with the existing program—actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes, many of them now obsolete, inconsistent, and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

The program requires a highly professional skilled service, attracting substantial numbers of high-caliber men and women capable of sensitively dealing with other governments, and with a deep understanding of the process of economic development. However, uncertainty and declining public prestige have all contributed to a fall in the morale and efficiency of those employees in the field and are repeatedly frustrated by the delays and confusion caused by overlapping agency jurisdictions and unclear objectives. Only the persistent efforts of those dedicated and hard-working public servants, who have kept the
program going, managed to bring some success to our efforts overseas.

In addition, uneven and undependable short-term financing has weakened the incentive for the long-term planning and self-help by the recipient nations which are essential to serious economic development. The lack of stability and continuity in the program—the necessity to accommodate all planning to a yearly deadline—when combined with a confusing multiplicity of American aid agencies within a single nation abroad—have reduced the effectiveness of our own assistance and made more difficult the task of setting realistic targets and sound standards. Piecemeal projects, hastily designed to match the rhythm of the fiscal year, are no substitute for orderly long-term planning. The ability to make long-range commitments has enabled the Soviet Union to use its aid program to make developing nations economically dependent on Russian support—thus advancing the aims of world communism.

Although our aid programs have helped to avoid economic chaos and collapse, and assisted many nations to maintain their independence and freedom—nevertheless, it is a fact that 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 while helping to maintain national integrity and independence has rarely moved the recipient nation toward greater economic stability.

II

In the face of these weaknesses and inadequacies—and with the beginning of a new decade of new problems—it is proper that we draw back and ask with candor a fundamental question: Is a foreign aid program really necessary? Why should we not lay down this burden which our nation has now carried for some fifteen years?

The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the inter-dependent community of free nations—our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent on the loans from abroad that once helped to develop our own economy—and our political obligations as the single largest counter to the adversaries of freedom.

To fail to meet those obligations now would be disastrous, and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures, which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the nation’s interest and the cause of political freedom require it.

We live at a very special moment in history. The whole southern half of the world—Latin America, Africa, the Middle East, and Asia—are caught up in the adventures of asserting independence and modernizing their old ways of life. These new nations need aid in loans and technical assistance just as we in the northern half of the world drew successively on one another’s capital and know-how as we moved into industrialization and regular growth.

But in our time these new nations need help for a special reason. Without exception they are under Communist pressure. In many cases, the pressure is direct and military. In others, it takes the form of intense subversive activity designed to break down and supersede the new—and often frail—modern institutions they have thus far built.

But the fundamental task of our foreign aid program in the 1960s is not negatively to fight communism: Its fundamental task is to help make a historical demonstration that in the 20th century, as in the 19th—in the southern half of the globe as in the north—economic growth and political democracy can develop hand in hand.

In short we have not only obligations to fulfill; we have great opportunities to realize.
We are, I am convinced, on the threshold of a truly united and major effort by the free industrialized nations to assist the less-developed nations on a long-term basis. Many of these less-developed nations are on the threshold of achieving sufficient economic, social, and political strength and self-sustained growth to stand permanently on their own feet. The 1960s can be—and must be—the crucial “decade of development”—the period when many less-developed nations make the transition into self-sustained growth—the period in which an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. This goal is in our grasp if, and only if, the other industrialized nations now join us in developing with the recipients a set of commonly agreed criteria, a set of long-range goals, and a common undertaking to meet those goals, in which each nation’s contribution is related to the contributions of others and to the precise needs of each less-developed nation. Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world, to which all free nations can contribute, in which each free nation must assume a responsibility proportional to its means.

We must unite the free industrialized nations in a common effort to help those nations within reach of stable growth get underway. And the foundation for this unity has already been laid by the creation of the OECD under the leadership of President Eisenhower. Such a unified effort will help launch the economies of the newly developing countries “into orbit”—bringing them to a stage of self-sustained growth when extraordinary outside assistance is not required. If this can be done—and I have every reason to hope it can be done—then this decade will be a significant one indeed in the history of free men.

But our success in achieving these goals, in creating an environment in which the energies of struggling peoples can be devoted to constructive purposes in the world community—and our success in enlisting a greater common effort toward this end on the part of other industrialized nations—depends to a large extent upon the scope and continuity of our own efforts. If we encourage recipient countries to dramatize a series of short-term crises as a basis for our aid—then we will dissipate our funds, our good will and our leadership. Nor will we be any nearer to either our security goals or to the end of the foreign aid burden.

In short, this Congress at this session must make possible a dramatic turning point in the troubled history of foreign aid to the underdeveloped world. We must say to the less-developed nations, if they are willing to undertake necessary internal reform and self-help—and to the other industrialized nations, if they are willing to undertake a much broader effort on a much broader scale—that we then intend during this coming decade of development to achieve a decisive turnaround in the fate of the less-developed world, looking toward the ultimate day when all nations can be self-reliant and when foreign aid will no longer be needed.

However, this will not be an easy task. The magnitude of the problems is staggering. In Latin America, for example, population growth is already threatening to outpace economic growth—and in some parts of the continent living standards are actually declining. In 1945 the population of our twenty sister American Republics was 145 million. It is now greater than that of the United States, and by the year 2000, less than forty years away, Latin American population will be 592 million, compared with 312 for the United States. Latin America will have to double its real income in the next thirty years simply to maintain already low standards of living. And the problems are no less serious or demanding in the other developing areas of the world. Thus to bring real economic progress to Latin America and to the rest of the less-developed world will require a sustained and united effort on the part of the Latin American Republics, the United States, and our free world allies.

This will require leadership, by this country in this year. And it will require a fresh approach—a more logical, efficient, and suc-
cessful long-term plan—for American foreign aid. I strongly recommend to the Congress the enactment of such a plan, as contained in a measure to be sent shortly to the Congress and described below.

III

If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:

1. Unified administration and operation—a single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.

2. Country plans—a carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

3. Long-term planning and financing—the only way to make meaningful and economical commitments.

4. Special emphasis on development loans repayable in dollars—more conducive to business-like relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

6. Multilateral approach—a program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

7. A new agency with new personnel—drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the nation.

8. Separation from military assistance—our program of aid to social and economic development must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.

IV

I propose that our separate and often confusing aid programs be integrated into a single administration embracing the present Washington and field operations of—

A. The International Cooperation Administration [ICA] and all its technical assistance [point 4] and other programs;

B. The Development Loan Fund [DLF];

C. The food-for-peace program [Public Law 480] in its relations with other countries, while also recognizing its essential role in our farm economy;

D. The local currency lending activities of the Export-Import Bank;

E. The Peace Corps, recognizing its distinctive contribution beyond the area of economic development;

F. The donation of nonagricultural surpluses from other national stockpiles of excess commodities or equipment;

G. All other related staff and program services now provided by the Department of State as well as the ICA.

The fieldwork in all these operations will be under the direction of a single mission chief in each country reporting to the American ambassador. This is intended to remove the difficulty which the aided countries and our own field personnel sometimes encounter in finding the proper channel of decision making. Similarly, central direction and final responsibility in Washington will be fixed in an administrator of a single agency—reporting directly to the Secretary of State and the President—working though Washington directors for each major geographical area, and through the directors of the constituent resource units whose functions are drawn together in each national plan: a development lending organization, food-for-peace, the Peace Corps, and a unit for technical and other assistance stress-
ing education and human resources—initiating a program of research, development, and scientific evaluation to increase the effectiveness of our aid effort; and, in addition, the Secretary of State will coordinate with economic aid the military assistance program administered by the Department of Defense, the related operations of the Export-Import Bank, and the role of the United States in the Inter-American Fund for Social Progress and activities of international organizations.

Under the jurisdiction of both the Secretary of State in Washington and the ambassadors in the field, foreign aid can more effectively play its part as an effective instrument of our overall efforts for world peace and security. The concentration of responsibilities and increased status will both require and attract high-caliber personnel. Programs such as the Peace Corps and food-for-peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved—and food-for-peace will continue to be based on availabilities determined by the Department of Agriculture.

But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel without regard to their competence. I am recommending the replacement of these agencies with a new one—a fresh start under new leadership.

V

But new organization is not enough. We need a new working concept.

At the center of the new effort must be national development programs. It is essential that the developing nations set for themselves sensible targets; that these targets be based on balanced programs for their own economic, education, and social growth—programs which use their own resources to the maximum. If planning assistance is required, our own aid organization will be prepared to respond to requests for such assistance, along with the International Bank for Reconstruction and Development and other international and private institutions. Thus, the first re-

quirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productively.

These national development programs—and the kind of assistance the free world provides—must be tailored to the recipients' current stage of development and their foreseeable potential. A large infusion of development capital cannot now be absorbed by many nations newly emerging from a wholly underdeveloped condition. Their primary need at first will be the development of human resources, education, technical assistance, and the groundwork of basic facilities and institutions necessary for further growth. Other countries may possess the necessary human and material resources to move toward status as developing nations, but they need transitional assistance from the outside to enable them to mobilize those resources and move into the more advanced stage of development where loans can put them on their feet. Still others already have the capacity to absorb and effectively utilize substantial investment capital.

Finally, it will be necessary, for the time being, to provide grant assistance to those nations that are hard pressed by external or internal pressure so that they can meet those pressures and maintain their independence. In such cases it will be our objective to help them, as soon as circumstances permit, make the transition from instability and stagnation to growth; shifting our assistance as rapidly as possible from a grant to a development loan basis. For our new program should not be based merely on reaction to Communist threats or short-term crises. We have a positive interest in helping less-developed nations provide decent living standards for their people and achieve sufficient strength, self-respect, and independence to become self-reliant members of the community of nations. And thus
our aid should be conditioned on the recipients' ability and willingness to take the steps necessary to reach that goal.

To meet the varied needs of many nations, the new aid administration will have a flexible set of tools, coordinated and shaped to fit each national development program: the grant or sale (for either local currency or dollars with special repayment terms) of surplus foods, equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining, or emergency grants; development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise.

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest, repayable in dollars, and designed to promote growth in those less-developed nations which have a real chance for ultimate self-reliance but which lack the ability to service loans from normal lending institutions. The terms of repayment will vary from as long as 50 years for those countries just starting on the road to development, to a much shorter period of time for those countries that are nearing the stage of self-sufficient growth.

Such long-term loans are preferable to outright grants, or "soft loans" repayable in local currencies that are of little benefit to the American taxpayer. The emphasis on low or interest-free loans is not designed to undercut other institutions. The objective is to rely on flexibility in the repayment period and the requirement of ultimate dollar repayment for insuring strict accountancy while meeting individual needs in an area not met by suppliers of capital on normal terms.

Lending on these terms is not normal banking practice. We are banking on the emergence over coming years and decades of a group of independent, growing, self-reliant nations.

VI

A program based on long-range plans instead of short-run crises cannot be financed on a short-term basis. Long-term authorization, planning, and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect any increased response from other potential donors or any realistic planning from the recipient nations.

I recommend, therefore, an authorization for the new aid agency of not less than five years, with borrowing authority also for five years to commit and make dollar repayable loans within the limits spelled out below. No other step would be such a clear signal of our intentions to all the world. No other step would do more to eliminate the restrictions and confusion which have rendered the current foreign aid program so often ineffective. No other step would do more to help obtain the service of top-flight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period.

For, if we are to have a program designed to brighten the future, that program must have a future. Experience has shown that long-range needs cannot be met evenly and economically by a series of one-year programs. Close consultation and cooperation with the Congress and its committees will still be essential, including an annual review of the program.

And we will still need annual appropriations of those amounts needed to meet requirements for which dollar repayable loans would be unsuitable. These appropriations should be available until spent in order to avoid any wasteful rush to obligate funds at the end of a fiscal year.

The new continuity and flexibility this kind of long-term authority will bring cannot help but result in more productive criteria, a greater effort on the part of the developing nations, greater contributions from our more prosperous allies, more solid results, and real long-run economy to the taxpayers. The new emphasis on long-term plans and realistic
targets will give both the Congress and the Executive a better basis for evaluating the validity of our expenditures and progress.

VII

A long-term program and borrowing authority, even though limited, will enable us to demonstrate the seriousness of our intentions to other potential donors and to the less-developed world. Over the next five years, the economic program here proposed, together with an expanded food-for-peace program as recommended in my agricultural messages, and project loans by the Export-Import Bank, will constitute direct U.S. economic assistance activity of considerable magnitude.

It will, however, take time to institute the new concepts and practices which are proposed. Thus, during this initial year, while we will need to make the necessary long-term commitments for development lending, it is unnecessary to ask the Congress for any additional funding for this year's program.

Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rock-bottom budget previously submitted [$4 billion] despite the fact that the number of new nations needing assistance is constantly increasing; and, though increasing such authority for nonmilitary aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget [$1.9 billion]. [These figures do not, of course, reflect Public Law 480 operations.]

In deciding on this program, I have also carefully considered its impact on our balance of payments. We are now putting maximum emphasis, in both our development lending and grant aid programs, on the procurement of goods and services of U.S. origin. As I pointed out in my message on the balance of payments, under present procedures not more than 20 percent of foreign economic aid expenditures will affect our balance of payments. This means that approximately $2 billion out of the requested $2.4 billion in economic aid will be spent directly for goods and services benefiting the American economy.

This is important. For not only do we have the highest gross national product, both total and per capita, of any country in the world, thus making clear both our obligations and our capacity to do our full part, but we are currently under-utilizing our great economic capacity because of economic recession and slack. Less than 80 percent of our industrial capacity is now in use, and nearly 7 percent of our labor force is unemployed. Under these circumstances cutbacks in the foreign aid program would be felt not only in loss of economic progress and hope abroad but in loss of markets and income for business, labor, and agriculture at home.

In short, this program will not in whole or in part unbalance the previous budget in any fashion. Its impact on our balance of payments will be marginal. And its benefits for our domestic economy should not be overlooked.

The $4 billion previously requested for fiscal year 1962 will be reallocated under this new program as follows:

Military assistance will be reduced from the $1.8 billion requested to $1.6 billion, as discussed below.

Economic assistance, with a much greater portion going to development loans, a small increase in development grants, and a reduction in sustaining grants, will total $2.4 billion.

Of this $1.5 billion will be contained in the usual annual appropriation of new obligational authority to finance the part of the program that is not suitable for dollar development loans: grants for education, social progress and institutional development, the Peace Corps, and sustaining aid. Nine hundred million dollars will be available for long-term low or interest-free development loans to be repaid in dollars, financed through an authorization of public debt borrowing authority which would also provide no more than $1.6
billion for each of the succeeding four years. Also to be made available for such loans under the new system of full coordination will be the unappropriated dollar funds now coming in repayment of the principal and interest on certain previous loans to foreign governments [Britain, the Economic Cooperation Administration, the Government and Relief in Occupied Areas, and others—but not the Export-Import Bank].

VIII

The economic programs I am recommending in this message cannot succeed without peace and order. A vital element toward such stability is assurance of military strength sufficient to protect the integrity of these emerging nations while they are advancing to higher and more adequate levels of social and economic well-being.

I shall therefore request the Congress to provide at this time $1.6 billion for provision of military assistance. This figure is the amount to meet the U.S. share in maintaining forces that already exist, and to honor firm existing commitments for the future.

I am frank to say that we cannot now say with precision whether this amount will meet the minimum level of military aid which our basic security policy might demand this year. The emergence of new crises or new conflicts may require us to make an even greater effort.

However, while I have mentioned in this message the amount to be allocated to military assistance, those funds, while coordinated with the policies of the new agency, will not be administered by it and should not be included in its appropriation. In order to make clear the peaceful and positive purposes of this program, to emphasize the new importance this administration places on economic and social development quite apart from security interests, and to make clear the relation between the military assistance program and those interests, I shall propose a separate authorization for military assistance with appropriations as part of the defense budget. Moreover, to the extent that world security conditions permit, military assistance will in the future more heavily emphasize the internal security, civil works, and economic growth of the nations thus aided. By this shift in emphasis, we mean no lessening of our determination to oppose local aggression wherever it may occur. We have demonstrated our will and ability to protect free world nations—if they so desire—from the type of external threat with which many of them are still confronted. We will not fall short on this.

IX

The levels of which this new program is based are the minimum resulting from a hard reappraisal of each type of assistance and the needs of the less-developed world. They demonstrate both to the less-developed nations and to the other industrialized nations that this country will meet its fair share of effort necessary to accomplish the desired objective, and their effort must be greater as well. These are the rock-bottom minimum of funds necessary to do the job. To provide less would be wasteful, perhaps more wasteful, than to provide more. Certainly it would be wasteful to the security interest of the free world.

But I am hopeful that the Congress will not provide less. Assistance to our fellow nations is a responsibility which has been willingly assumed and fashioned by two great Presidents in the past, one from each party—and it has been supported by the leaders of both parties in both Houses who recognized the importance of our obligations.

I believe the program which I have outlined is both a reasonable and sensible method of meeting those obligations as economically and effectively as possible. I strongly urge its enactment by the Congress in full awareness of the many eyes upon us—the eyes of other industrialized nations, awaiting our leadership for a stronger united effort—the eyes of our adversaries, awaiting the weakening of our resolve in this new area of international struggle—the eyes of the poorer peoples of the world, looking for hope and help, and needing an incentive to set realistic long-range goals—and, finally, the eyes of the American people.
who are fully aware of their obligations to the sick, the poor, and the hungry, wherever they may live. Thus, without regard to party lines, we shall take this step not as Republicans or as Democrats but as leaders of the free world. It will both benefit and benefit us to take this step boldly. For we are launching a decade of development on which will depend, substantially, the kind of world in which we and our children shall live.

**President George W. Bush’s Speech Introducing the Millennium Challenge Account**

In the following speech, delivered on March 14, 2002, President George W. Bush laid out the principles behind the Millennium Challenge Account.

I’m here today to announce a major new commitment by the United States to bring hope and opportunity to the world’s poorest people. Along with significant new resources to fight world poverty, we will insist on the reforms necessary to make this a fight we can win.

As you can see, I’m traveling in some pretty good company today: Bono. We just had a great visit in the Oval Office. Here’s what I know about him: first, he’s a good musician; secondly, he is willing to use his position in a responsible way. He is willing to lead to achieve what his heart tells him, and that is nobody—nobody—should be living in poverty and hopelessness in the world.

...As you all know and we all know, America is engaged in a global struggle, a mighty struggle against the forces of terror. Yet, even as we fight to defeat terror, we must also fight for the values that make life worth living: for education, and health, and economic opportunity. This is both the history of our country and it is the calling of our times.

In World War II we fought to make the world safer, then worked to rebuild it. As we wage war today to keep the world safe from terror, we must also work to make the world a better place for all its citizens.

The advances of free markets and trade and democracy and rule of law have brought prosperity to an ever-widening circle of people in this world. During our lifetime, per capita income in the poorest countries has nearly doubled. Illiteracy has been cut by one-third, giving more children a chance to learn. Infant mortality has been almost halved, giving more children a chance to live. Nations from India to Chile have changed old ways and, therefore, found new wealth. Nations from Turkey to Mali have combined Islam with progress.

Yet in many nations, in many regions, poverty is broad and seemingly inescapable, leaving a dark shadow—a dark shadow—across a world that is increasingly illuminated by opportunity. Half the world’s people still live on less than $2 a day. For billions, especially in Africa and the Islamic world, poverty is spreading, and per capita income is falling.

In Malawi, thousands of teachers die each year from AIDS, and life expectancy has fallen to only 38 years. In Sierra Leone, nearly one-third of all babies born today will not reach the age of five. And in Sudan, only half the children attend school.

This growing divide between wealth and poverty, between opportunity and misery, is both a challenge to our compassion and a source of instability. We must confront it. We must include every African, every Asian, every Latin American, every Muslim, in an expanding circle of development.

The advance of development is a central commitment of American foreign policy. As a nation founded on the dignity and value of every life, America’s heart breaks because of the suffering and senseless death we see in our world. We work for prosperity and opportunity because they’re right. It’s the right thing to do. We also work for prosperity and opportunity because they help defeat terror.

Poverty doesn’t cause terrorism. Being poor doesn’t make you a murderer. Most of the plotters of September 11th were raised in comfort. Yet persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs
of their people, these failed states can become havens for terror.

In Afghanistan, persistent poverty and war and chaos created conditions that allowed a terrorist regime to seize power. And in many other states around the world, poverty prevents governments from controlling their borders, policing their territory, and enforcing their laws. Development provides the resources to build hope and prosperity, and security.

Development is not always easy, but the conditions required for sound development are clear. The foundation of development is security, because there can be no development in an atmosphere of chaos and violence. Today, the United States is leading a broad and vast coalition defending global security by defeating global terror. Meeting this commitment is expensive, but securing peace and freedom is never too expensive.

Development also depends upon financing. Contrary to the popular belief, most funds for development do not come from international aid—they come from domestic capital, from foreign investment, and especially from trade. America buys and imports over $450 billion in products from the developing world every year—$450 billion of purchases every single year. That is more than eight times the amount developing countries receive in aid from all sources. Trade is the engine of development. And by promoting it, we will help meet the needs of the world’s poor.

Successful development also requires citizens who are literate, who are healthy, and prepared and able to work. Development assistance can help poor nations meet these education and health care needs. That’s why the United States provides more than $10 billion a year for development assistance for food and for humanitarian aid. That is also why my administration has committed $500 million to the global fund to fight AIDS and other infectious diseases.

And we will work with Congress to increase this commitment, to show our love and compassion by increasing our commitment as the fund gets organized, develops a strategy, and shows success. We’re spending billions more on AIDS research and other programs, to fight the disease around the world.

Yet many of the old models of economic development assistance are outdated. Money that is not accompanied by legal and economic reform are oftentimes wasted. In many poor nations, corruption runs deep. Private property is unprotected. Markets are closed. Monetary and fiscal policies are unsustainable. Private contracts are unenforceable.

When nations refuse to enact sound policies, progress against poverty is nearly impossible. In these situations, more aid money can actually be counterproductive, because it subsidizes bad policies, delays reform, and crowds out private investment.

The needs of the developing world demand a new approach. In Monterrey, Mexico, we have a tremendous opportunity to begin acting on a new vision of development. This new vision unleashes the potential of those who are poor, instead of locking them into a cycle of dependence. This new vision looks beyond arbitrary inputs from the rich, and demands tangible outcomes for the poor.

America supports the international development goals in the U.N. Millennium Declaration, and believes that these goals are a shared responsibility of developed and developing countries. To make progress, we must encourage nations and leaders to walk the hard road of political, legal and economic reform, so all their people can benefit.

Today, I call for a new compact for global development, defined by new accountability for both rich and poor nations alike. Greater contributions from developed nations must be linked to greater responsibility from developing nations. The United States will lead by example. We will increase our development assistance by $5 billion over the three—over the next three budget cycles. This new money above and beyond existing aid requests—is above and beyond existing aid requests in the current budget I submitted to the Congress.

These funds will go into a new Millennium Challenge Account. Under this account,
among other efforts, we will expand our fight against AIDS; we will bring computer instruction to young professionals in developing nations; we will assist African businesses and their people to sell goods abroad; we will provide textbooks and training to students in Islamic and African countries; we will apply the power of science and technology to increase harvests where hunger is greatest.

These are some of the examples of what we intend to do. The goal is to provide people in developing nations the tools they need to seize the opportunities of the global economy. In return—in return for this additional commitment, we expect nations to adopt the reforms and policies that make development effective and lasting.

The world’s help must encourage developing countries to make the right choices for their own people, and these choices are plain. Good government is an essential condition of development. So the Millennium Challenge Account will reward nations that root out corruption, respect human rights, and adhere to the rule of law. Healthy and educated citizens are the agents of development, so we will reward nations that invest in better health care, better schools and broader immunization.

Sound economic policies unleash the enterprise and creativity necessary for development. So we will reward nations that have more open markets and sustainable budget policies, nations where people can start and operate a small business without running the gauntlets of bureaucracy and bribery.

I’ve directed Secretary Powell and Secretary O’Neill to reach out to the world community, to develop a set of clear and concrete and objective criteria for measuring progress. And under the Millennium Challenge Account, we will apply these criteria rigorously and fairly.

Countries that live by these three broad standards—ruling justly, investing in their people, and encouraging economic freedom—will receive more aid from America. And, more importantly, over time, they will really no longer need it, because nations with sound laws and policies will attract more foreign investment. They will earn more trade revenues. And they will find that all these sources of capital will be invested more effectively and productively to create more jobs for their people.

The evidence shows that where nations adopt sound policies, a dollar of foreign aid attracts $2 of private investment. And when development aid rewards reform and responsibility, it lifts almost four times as many people out of poverty, compared to the old approach of writing checks without regard to results.

Marrying good policies to greater aid led Mozambique to a 10 percent growth rate in 2001. This approach helped Uganda open its schools to more children, and increased teacher pay by 2,700 percent. Bangladesh, a nation that was once a symbol of famine, has transformed its agricultural economy; rice production is almost up by 70 percent since the mid-‘70s.

The new compact I propose would multiply this progress. I challenge other nations, and the development banks, to adopt this approach as well. America’s support for the World Bank will increase by almost 20 percent over the next three years. We expect the World Bank to insist on reform and results, measured in improvements in people’s lives. All the development banks should adopt a growth agenda, increasing their support for private sector enterprises and focusing more on education, as the Inter-American Development Bank has done.

And I challenge the development banks to provide up to half of the funds devoted to poor nations in the form of grants, rather than loans. Grants instead of loans that may never be repaid. Many have rallied to the idea of dropping the debt. I say let’s rally to the idea of stopping the debt.

This new compact for development can produce dramatic gains against poverty and suffering in the world. I have an ambitious goal for the developed world, that we ought to double the size of the world’s poorest economies within a decade. (Applause.) I
know some may say that's too high a hurdle to cross—I don’t believe so, not with the right reforms and the right policy. This will require tripling of current growth rates, but that's not unprecedented. After all, look at the dramatic growth that occurred in Asia in the 1990s.

With the world’s help and the right policies, I know—I know—that the developing world can reform their own countries. I know it can happen. And, therefore, better their own lives. They can live in a world where their children’s dreams are ignited by liberty and learning, not undermined by poverty and disease. They can live under governments that deliver basic service and protect basic rights. The demands of human dignity know no borders and know no boundaries. They are universal. And so are the gifts of creativity and enterprise that lead to prosperity.

When governments repress and punish those gifts, no amount—no amount of aid is sufficient to lift people from poverty. When governments honor these gifts, every nation can know the blessings of prosperity.

People across the world are working to relieve poverty and suffering, and I’m proud of their efforts. I appreciate Bono. I appreciate groups like the Sisters of Charity. Some were motivated by simple decency, some serve a God who is impatient with injustice. And all have made this commitment. We cannot leave behind half of humanity as we seek a better future for ourselves. We cannot accept permanent poverty in a world of progress. There are no second-class citizens in the human race.

I carry this commitment in my soul. And I'll carry it with me to Monterrey next week. As the civilized world mobilizes against the forces of terror, we must also embrace the forces of good. By offering hope where there is none, by relieving suffering and hunger where there is too much, we will make the world not only safer, but better.

Thank you very much.
Role Playing the Three Options: Organization and Preparation

Objectives:
Students will: Analyze the issues that frame the current debate on U.S. policy toward the developing world.
Identify the core underlying values of the options.
Integrate the arguments and beliefs of the options and the background reading into a persuasive, coherent presentation.
Work cooperatively within groups to organize effective presentations.

Handouts:
"Presenting Your Option" (TRB-21) for option groups
"Expressing Key Values" (TRB-22) for option groups
"Input from the Developing World" (TRB-23) for the developing world group
"Committee on Foreign Relations of the U.S. Senate" (TRB-24) for committee members

In the Classroom:
1. Planning for Group Work—In order to save time in the classroom, form student groups before beginning Day Three. During the class period of Day Three, students will be preparing for the Day Four simulation. Remind them to incorporate the background reading into the development of their presentations and questions.

2a. Option Groups—Form three groups of four students. Assign an option to each group. Distribute "Presenting Your Option" and "Expressing Key Values" to the three option groups. Inform students that each option group will be called upon in Day Four to present the case for its assigned option to members of the Committee on Foreign Relations of the U.S. Senate. Explain that option groups should follow the instructions in “Presenting Your Option.” Note that the option groups should begin by assigning each member a role.

2b. Developing World—Form a group of three or four students to represent the regions featured in the cases of Part II of the background reading. Distribute “Input from the Developing World” to the group. Inform the developing world representatives that they will be called upon in Day Four to explain the relevance of U.S. policy on their regions. Note that the group should follow the instructions in “Input from the Developing World.”

2c. Committee Members—The remainder of the class will serve as members of the Committee on Foreign Relations of the U.S. Senate. Distribute “Committee on Foreign Relations of the U.S. Senate” to each committee member. While the option groups are preparing their presentations, committee members should develop clarifying questions for Day Four. (See “Committee on Foreign Relations of the U.S. Senate.”) Remind committee members that they are expected to turn in their questions at the end of the simulation.

Suggestions:
In smaller classes, other teachers or administrators may be invited to serve as members of the committee. In larger classes, additional roles—such as those of newspaper reporter or lobbyist—may be assigned to students.

Extra Challenge:
Ask the option groups to design a poster or a political cartoon illustrating the best case for their options.

Homework:
Students should complete preparations for the simulation.
Presenting Your Option

Preparing Your Presentation

Your Assignment: Your group has been called upon to appear before the Committee on Foreign Relations of the U.S. Senate. Your assignment is to persuade the committee members that your option should be the basis for U.S. foreign aid policy. You will be judged on how well you present your option.

Organizing Your Group

Each member of your group will take a specific role. Below is a brief explanation of the responsibilities for each role.

1. Group Director: Your job is to organize your group’s three-to-five minute presentation of its option to the Committee on Foreign Relations. In organizing your presentation, you will receive help from the other members of your group. Keep in mind that you are expected to take the lead in organizing your group. Read your option and review the background reading to build a strong case for your option. The “Expressing Key Values” worksheet will help you organize your thoughts.

2. USAID Analyst: Your job is to explain why the recent experience of USAID justifies the position of your option. Carefully read your option, and then review Part II of the background reading. Make sure that your area of expertise is reflected in the presentation of your group. The “Expressing Key Values” worksheet will help you organize your thoughts.

3. Adviser on the Developing World: Your job is to explain why your group’s option best addresses the foreign policy challenges facing the United States in the developing world. Carefully read your option, and then review Part II of the background reading. Make sure that your area of expertise is reflected in the presentation of your group. The “Expressing Key Values” worksheet will help you organize your thoughts.

4. Historian: Your job is to explain how the lessons of U.S. foreign aid policy in recent years justify the position of your option. Carefully read your option, and then review the Introduction and Part I of the background reading. Make sure that your area of expertise is reflected in the presentation of your group. The “Expressing Key Values” worksheet will help you organize your thoughts.

Making Your Case

After your preparations are completed, your group will deliver a three-to-five minute presentation to the Committee on Foreign Relations. The “Expressing Key Values” worksheet and other notes may be used, but speakers should speak clearly and convincingly. During the presentations, you should try to identify the weak points of the other options. After all of the groups have presented their options, members of the Senate committee will ask you clarifying questions. Any member of your group may respond during the question period.
Expressing Key Values

Values play a key role when defining the broad parameters of public policy. What do we believe about ourselves? What matters most to us? When strongly held values come into conflict, which is most important?

The term "values" is not easy to define. Most often, we think of values in connection with our personal lives. Our attitudes toward our families, friends, and communities are a reflection of our personal values. Values play a critical role in our civic life as well. In the United States, our country's political system and foreign policy have been shaped by a wide range of values. Since our nation's beginnings a commitment to freedom, democracy, and individual liberty have been a cornerstone of our national identity. At the same time, the high value many Americans place on justice, equality, and respect for the rights of others rings loudly throughout U.S. history.

For most of our country's existence, the impulse to spread American values beyond our borders was outweighed by the desire to remain independent of foreign entanglements. Since World War II, however, the United States has played a larger role in world affairs than any other nation. At times, American leaders have emphasized the values of human rights and cooperation. On other occasions, the values of stability and security have been stressed.

Some values fit together well. Others are in conflict. Americans are constantly being forced to choose among competing values in our ongoing debate about foreign policy. Each of the three options in this unit revolves around a distinct set of values. The opening paragraphs of your assigned option offer a description of a policy direction grounded in distinct values. Your job is to identify and explain the most important values underlying your option. These values should be clearly expressed by every member of your group. This worksheet will help you organize your thoughts.

1. What are the two most important values underlying your option?
   a. 
   b. 

2. According to the values of your option, what should be the role of the United States in the world?

3. Why should the values of your option be the guiding force for U.S. foreign aid policy?