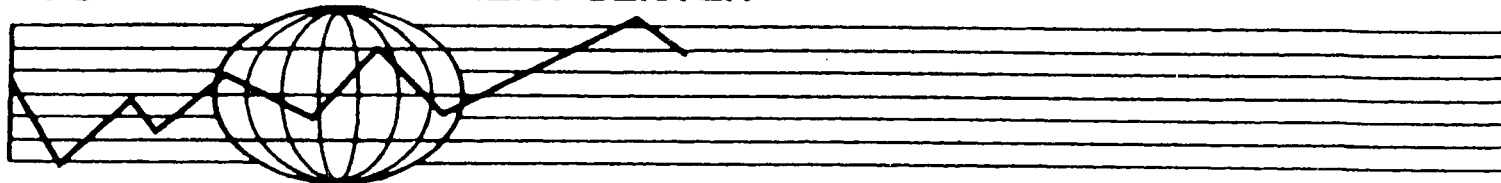


**ECONOMIC DEVELOPMENT CENTER**



## THE SOURCES OF THE BASIC HUMAN NEEDS MANDATE

Rolf H. Sartorius and

Vernon W. Ruttan

ECONOMIC DEVELOPMENT CENTER  
Department of Economics, Minneapolis  
Department of Agricultural and Applied Economics, St. Paul

UNIVERSITY OF MINNESOTA



THE SOURCES OF THE BASIC HUMAN NEEDS MANDATE\*

by

Rolf H. Sartorius and Vernon W. Ruttan\*\*

Department of Agricultural and Applied Economics  
University of Minnesota  
October 30, 1988

---

\*This paper will be published in a forthcoming issue of The Journal of Developing Areas. Work on the project was conducted, in part, under Minnesota Agricultural Experiment Station Project MN 14-067, Technical and Institutional Change in Agriculture.

\*\*Rolf H. Sartorius is Research Assistant, Hubert H. Humphrey Institute of Public Affairs, University of Minnesota. Vernon W. Ruttan is Regents Professor, Department of Agricultural and Applied Economics, and Adjunct Professor, Hubert H. Humphrey Institute of Public Affairs, University of Minnesota.

The authors are indebted to Rolf E. Sartorius, Stephen G. Walker, Maurice J. Williams, W. W. Rostow, John D. Montgomery, Martin Sampson, Michael Barnett, Margaret Dewar, Martin M. McLaughlin, and George Ingram for comments on earlier drafts of this paper. They also express their appreciation to Donald Fraser, James P. Grant, Maurice J. Williams, Marion Czarnecki, and John Hannah for their courtesy in allowing interviews on the topics covered in this paper.

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, religion, color, sex, national origin, handicap, age, or veteran status.



## THE SOURCES OF THE BASIC HUMAN NEEDS MANDATE

What distinguishes foreign aid from those other branches of foreign policy are the means through which foreign aid endeavors to achieve its purpose. Its ends are no different from those of other branches. In other words, from the perspective of foreign aid as an instrument of foreign policy, aid is but the continuation of diplomacy by other means.

-Hans Morgenthau (1960)

In 1973 Congress initiated a significant departure in U.S. foreign development assistance policy. These changes were referred to in government as "New Directions." In popular and professional discussion they were increasingly referred to as the Basic Human Needs (BHN) mandate.

Our aim in this essay is to attempt to understand the sources of the BHN mandate. This will involve examining the evolution of U.S. development assistance policy from the mid-1960s to the early 1970s.

New Directions was addressed to meeting the basic needs of the poorest people in the poorest countries. It was to involve them directly in the development process. The most distinctive feature of New Directions was that it proposed to concentrate assistance on food production, rural development and nutrition, population planning and health, and education. This marked a departure from the development assistance programs of the 1960s which had emphasized general purpose resource transfer.<sup>1</sup>

An important feature of New Directions was that it was primarily a response to congressional initiative. Earlier shifts in development assistance policy had been initiated by the executive.

In examining the sources of New Directions, we have found it useful to organize our analysis around the framework illustrated in Figure 1. The framework serves as a typology for organizing our analysis of those factors that we might expect to influence official development assistance policy. The typology can be thought of as a pretheory in which each of its components provides a context within which the events that have contributed to development assistance policy changes can be "thickly described."<sup>2</sup>

We have identified eight sources of the New Directions orientation: (1) the Nixon-Kissinger policy of detente; (2) a proposed change in the accounting practices for the U.S. Agency for International Development (USAID); (3) the evolving needs-oriented strategy of Congress; (4) the increasing assertiveness of Congress in making foreign policy; (5) changing mainstream currents in development thought; (6) the declining dominance of the United States in world affairs; (7) waning public support for U.S. involvement overseas; and (8) the formation of a development assistance coalition.

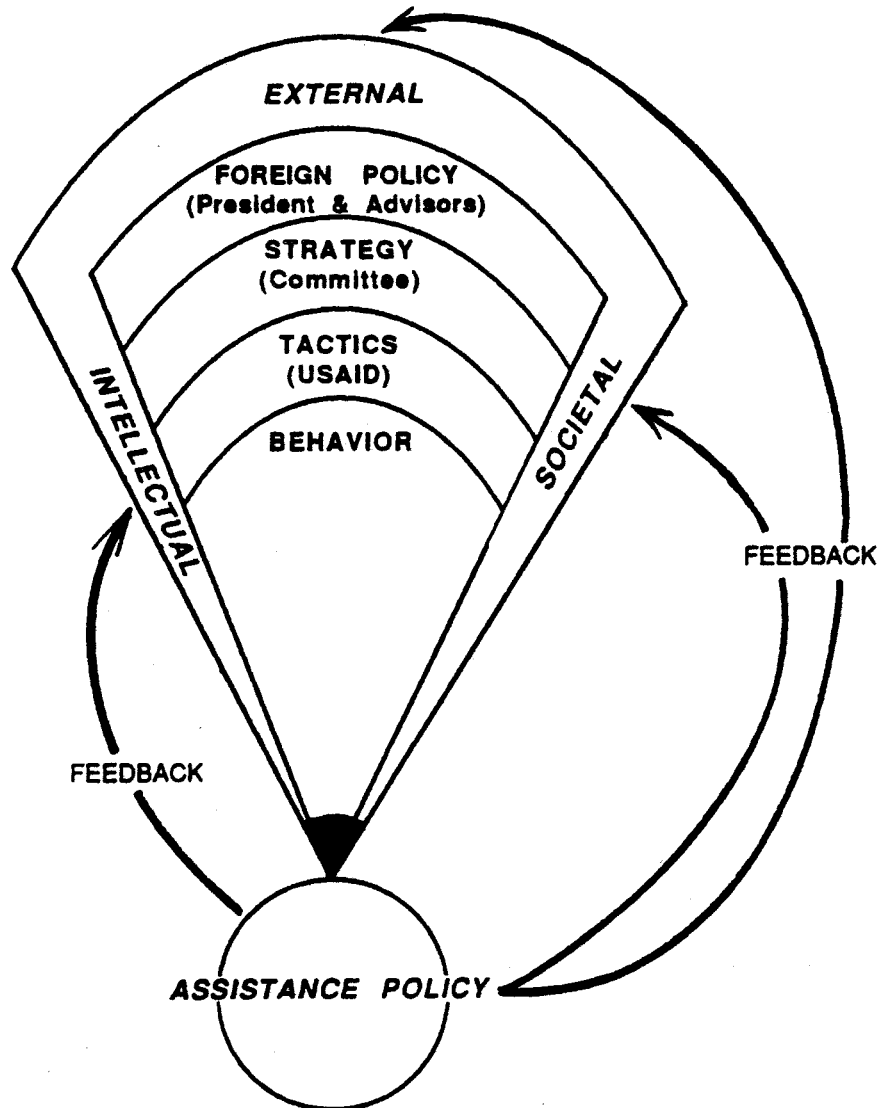
In constructing the typology, we draw on work by Rosenau in which the factors capable of influencing a nation's foreign policy are classified into a hierarchy consisting of five main levels: the world (external) environment, the societal environment of the nation, the governmental setting, the roles played by central decision makers, and the personality traits of individual foreign policy elites.<sup>3</sup> Each level is seen to represent a cluster of independent variables interacting to influence the dependent variable--official development assistance policy. We add the category "intellectual sources." This will refer to the substantial impact of development thought on development assistance policy.<sup>4</sup>

The framework contains three additional elements. First, we distinguish four types of dependent variable--or four levels of foreign policy decision. These are: behavior, tactics, strategy, and foreign policy.<sup>5</sup> It is postulated that behavior and tactics change rapidly, while strategy and foreign policy change relatively slowly. A key property of the levels of decision is that each higher level is postulated to define the boundaries of each lower level of decision: a policy defines the range of possible alternatives for strategy, and strategy prescribes a series of tactics.<sup>6</sup>

The second element links each type of foreign policy decision maker to its respective level of decision and is based upon the organization of American government. The postulate implies that the President and his advisers comprise the locus of decision making for foreign policy; the congressional committee is the locus of decision making for strategy; and the government agency is the locus of decision making for tactics. The postulate further implies that Presidential involvement and direction declines at lower levels of decision. Finally, at each point of decision below the Presidential level, the decision boundaries will have been established by the next highest level.<sup>7</sup>

A final element is that development assistance decisions may act as either inputs or outputs to later foreign policy change. A foreign policy decision identified as an independent variable at time  $t$  may give rise to policy decision at time  $t+1$ , which may create change in the international environment at time  $t+2$ , which might lead to feedback effects on the levels of analysis themselves at time  $t+3$ .<sup>8</sup>

**FIGURE 1. The Sources of American Development Assistance Policy as a Funnel of "Causality"**



Adapted from Stephen B. Walker, "Levels of Decision in American Foreign Policy" (Paper presented to the Annual Meeting of the American Political Science Association, New Orleans, LA, 1985), p.13; and Charles Kegley and Eugene Wittkopf, *American Foreign Policy: Pattern and Process* (New York: St. Martins, 1982), p. 531.



The framework is consistent with the microeconomic theories of legislative and bureaucratic behavior.<sup>9</sup> This literature interprets policy decisions in terms of how they increase the bureaucratic budgets, personal power, and the prestige or status of individual decision makers.

The main limitation of our typology is that it could provide a potentially endless laundry list of variables that may have given rise to New Directions. It has little predictive capacity. It is useful, however, as an organizing device around which to examine the sources of change in development assistance policy and the linkages among the several sources.

#### **Governmental Sources**

In this part we consider how the New Directions initiative was conditioned by foreign policy during the Kennedy and Nixon administrations, the internal reform process of USAID.

*Administration Sources.* The Kennedy and Johnson foreign policy has been referred to as "flexible response."<sup>10</sup> According to Gaddis, this was an expansive foreign policy supported by a rationale which advocated that the economy could sustain or even benefit from an increase in domestic and defense spending.<sup>11</sup> In this view, the main objective of "flexible response" was to increase the range of available options prior to resorting to nuclear war. This included placing a new emphasis on economic assistance to the Third World.<sup>12</sup> Rostow thus views this era as a second cold-war cycle during which communist versus noncommunist methods of modernization in the developing world were tested.<sup>13</sup>

The stage for New Directions may have been set as early as 1961 when President Kennedy pledged to help the poor countries of the world "not because the communists are doing it, but because it is right."<sup>14</sup> The 1961

Foreign Assistance Act (FAA) reflected this view in its reduced expression of concern over communism and communist activity in the Third World as compared to the aid legislation of the Mutual Security Act of 1967.<sup>15</sup>

The 1961 FAA revised the internal arrangement of the Mutual Security Act and moved the authority for development assistance to Part I, while relegating military assistance to Part II.<sup>16</sup> USAID was created in the State Department as the administrative and coordinating agency for economic aid.<sup>17</sup> USAID's mandate was to place greater emphasis on development capital and technical assistance relative to military aid. The major reorientation of the 1961 FAA was that it sought to base economic aid on long-range plans related to social as well as economic aspects of development.

In 1968, in what might be seen as a move to head off mounting congressional criticism of the foreign aid program,<sup>18</sup> President Johnson appointed the Perkins Committee to examine the role of development assistance in the new administration. The "Perkins Report," which seems to have been heavily influenced by USAID views, essentially recommended the continuation of the foreign aid program in its then current form.<sup>19</sup> Among its chief recommendations, the report suggested an increase in official development assistance levels and a stress on food production, family planning, science and technology transfer, education, and popular participation.<sup>20</sup>

In 1969 a new administration brought with it a significant departure in foreign policy.<sup>21</sup> Although detente had earlier origins, the policy had been formulated by Nixon and Kissinger and reflected their belief in the need to redefine the U.S. role in a fundamentally changed international

system. Rostow sees this period (1969-73) as one of relative political equilibrium between the United States and the Soviet Union.<sup>22</sup> As detente began to take shape, it seems to have laid the strategic foundation for New Directions.

A number of analysts have viewed detente as a "new means to the old end of containment,"<sup>23</sup> or as "self-containment on the part of the Russians."<sup>24</sup> Gaddis has characterized the policy as consisting of five main elements: (1) to engage the Soviets in serious negotiations on substantive issues; (2) to "link" negotiations in substantive areas in order to modify Soviet behavior; (3) to pressure Moscow by establishing links between the United States and China; (4) to phase down American commitments in the world; and (5) to isolate the bureaucracy from the policy-making process.<sup>25</sup>

The fourth element seems to have been particularly influential in shaping New Directions. It was spelled out for the first time in some detail in July 1969, when President Nixon enunciated the Nixon doctrine on Guam. In 1970, the President generalized what he termed the "central thesis" of the Doctrine:

The United States will participate in the defense and development of allies and friends, but cannot and--will not--conceive all the plans, design all the programs, execute all the decisions, and undertake all the defense of the free nations of the world. We will help when it makes a real difference and is considered in our interest.<sup>26</sup>

In August 1969, the Presidential Mission for the Western Hemisphere, led by Nelson Rockefeller, issued its report on the foreign aid program.

The study can be viewed as an early attempt to define the role of economic assistance within the context of the Nixon doctrine. "The Rockefeller Report" advised that the United States move to a system of tariff preferences for developing-country imports, support regional markets, and participate in regional development banks. The report also recommended the establishment of an Economic and Social Development Agency to supersede USAID.<sup>27</sup>

In his 1970 Foreign Policy Report to Congress, Nixon's discussion of economic assistance focused on the partnership approach to aid and indicated a greater role for multilateral institutions. The President said that the developing countries must assume a larger role in defining their own development strategies and that trade and private investment should play a larger role in development.<sup>28</sup>

In March 1970, the Peterson Task Force on International Development reported its findings to the President. The task force had been commissioned in 1969 when the President first publicly embraced the need to restyle the aid program.<sup>29</sup> It was headed by Rudolph Peterson, Chairman of the Bank of America. The report may be viewed as an official study which was sensitive to the moods of Congress, the executive and the public.<sup>30</sup>

"The Peterson Report" recommended that: (1) foreign aid policy should be redesigned so that developing countries could establish their own priorities and receive assistance in proportion to their own self-help efforts; (2) multilateral lending institutions should become the major channel for development assistance; (3) development and military assistance programs should be completely separated; (4) the use of private sector initiative and resources should be expanded; (5) foreign aid policy should

seek popular participation and dispersion of benefits and; (6) the downward trend in U.S. ODA should be reversed.<sup>31</sup>

The programmatic recommendations of the report consisted of abolishing USAID and channeling development assistance through three new institutions: an International Development Bank for development loans) an International Development Institute for technical assistance and research, and an International Development Council to coordinate U.S. trade, investment and financial policy.

In September 1970, Nixon issued a "Special Message to Congress" proposing reform of the foreign assistance program based directly on the Peterson proposals. The intent was to initiate a complete overhaul of the foreign assistance program to "make it fit with a new foreign policy." The President said that he planned to submit a revised version of the proposals to Congress as draft legislation during 1971.<sup>32</sup>

Nixon's February 1971 report to Congress suggested that the Nixon doctrine was being implemented. The report reiterated support for the Peterson proposals.<sup>33</sup> In April 1971, Nixon sent two draft bills, the International Development and Humanitarian Assistance Act and the International Security Assistance Act, to Congress where they died in House Committee.<sup>34</sup> The bills had drawn heavily from the Peterson recommendations and to a lesser extent from the Rockefeller Report.<sup>35</sup>

Several reasons for the demise of the bills have been suggested by Pastor.<sup>36</sup> In the winter of 1970-71, when there should have been consultations among USAID officials, commission members, and Congressmen, there were none. This may have been because the President was not really interested in reshaping foreign aid during his first term in office or

because USAID officials had no incentive to lobby for a bill that would have eliminated their agency. More likely still, Congress simply may not have been enthusiastic about the aid program.

The President's 1972 report to Congress voiced his concern over the rejection of the Peterson proposals and he termed 1971 "a year of crisis for foreign assistance."<sup>37</sup> The President's May 1973 report to Congress emphasized the continued progress of the Nixon doctrine and contained a new section on U.S. political and economic interests in the developing world. The President asserted that development was tied not only to humanitarian needs, but to the stability of developing nations and regions. The United States would receive needed energy resources and raw materials in exchange for machinery and products needed by the developing countries.<sup>38</sup>

In contrast to the 1972 report, the 1973 report discussed only improvements in the foreign aid program. Improvements cited by the President included: (1) focusing bilateral aid on the key problem areas of health, education, agriculture, and population planning; (2) dealing with recipient countries as partners more able to plan their own development; (3) more effective coordination of U.S. bilateral assistance with other donor countries and agencies; and (4) substantial support for multilateral assistance programs.<sup>39</sup>

In sum, the Nixon-Kissinger foreign policy sought to "phase down" American commitments abroad and this was in sharp contrast to the expansive foreign policy of Kennedy and Johnson. Nixon and Kissinger appear to have reached a satisfactory definition of the role of development assistance (with the Peterson Report) only when the Nixon doctrine had begun to mature. Although Congress rejected the Peterson proposals, in 1973 it was

to introduce its own foreign assistance legislation which seemed remarkably consistent with the Nixon doctrine's "low keyed" approach to U.S. involvement in world affairs.

*USAID Sources.* During 1971 USAID began a number of program and administrative reforms designed to respond to the President's Special Message to Congress of September 1970 and his legislative proposals of April 1971. In the fall of 1971, when it became clear that Congress would delay action on Nixon's foreign aid proposals, USAID accelerated its internal reform process.<sup>40</sup> Out of this process came USAID's primary contribution to New Directions--the proposal to divide the USAID budget along functional lines.<sup>41</sup>

In the fall of 1971, USAID Administrator John Hannah appointed Ernest Stern, who was then at the World Bank, to chair a task force on agency reorganization.<sup>42</sup> The "Stern Committee" began its work in the fall of 1971 and filed its report in December. The report acknowledged the press of human needs but did not suggest a new strategy for alleviating them. It did, however, strongly recommend a sectoral approach for USAID authorizations.<sup>43</sup> USAID saw the sectoral approach as a way to refocus congressional attention on the program.<sup>44</sup> It was thought that the tactic of targeting assistance on areas such as food, education and health would appeal to certain members of Congress and be less subject to attack.<sup>45</sup>

Maurice J. Williams, who was then Deputy Administrator of USAID, recalls that at the end of 1971 Hannah took his senior staff to a retreat and brainstorming session at Arlie House in Virginia. Over the Christmas holiday, Williams had the assignment to pull together the conclusions from that session which he admits had been "a bit all over the place."<sup>46</sup>

Williams noted that Hannah had a strong "people-oriented" approach to development, was well respected in Congress, and politically very astute. By January 1972, Hannah had the results of the brainstorming and his own thinking and began to announce a series of internal reforms constituting a major reorganization of the agency.<sup>47</sup> The upshot of these changes was the centralization of decision making and a program focus that emphasized a more equitable distribution of development benefits.<sup>48</sup> The changes called for an increased concentration of USAID resources on agriculture and food production, with an emphasis on human nutrition, population control, health care, and low cost education.<sup>49</sup>

Additional changes within USAID were the separation of the administration of security and development assistance programs and a reduction of AID's staff by roughly 30 percent since 1968. Testifying before the House on 20 March, 1972, Maurice Williams, stated, "In addition [to the above changes] we are now directing programs to focus more directly on basic human needs."<sup>50</sup>

In July 1972, Hannah spoke with the President about the possibility of reforming USAID during the next administration.<sup>51</sup> Having what he believed to be consent on the matter, Hannah approved a major "Policy Determination" and "Policy Background Paper" by October. Both spelled out a new USAID policy for encouraging employment generation and more equitable income distribution in discussions with developing nations.<sup>52</sup>

During the fall of 1972 Hannah had two bills prepared: one a continuation of the existing budget mechanism, the other with functional categories. The draft functional bill was informally presented to the two authorizing and appropriating committees at the same time that it was



circulated within the executive branch.<sup>53</sup> Although the committees apparently liked the legislation, it was not well received by the executive.<sup>54</sup> The proposals languished at the Office of Management and Budget partly because there were so many of them and no one was quite sure who should handle them.<sup>55</sup>

In May 1973, the administration sent the Foreign Assistance Act to Congress unamended. Anticipating this, Hannah had taken his ideas to the Hill and had formed a working group with researchers from the Overseas Development Council (ODC)<sup>56</sup> and staff from the House Foreign Affairs Committee to consider ways to implement the bill.<sup>57</sup> Pastor says that by the time OMB rejected the proposals they had already been accepted by the House. He notes that at this point USAID disclaimed responsibility for them. In summarizing the process, Pastor says that it was "AID's initiative, congressional redrafting with the help of the ODC, and OMB acceptance of a fait accompli."<sup>58</sup>

During 1974, USAID cautiously responded to New Directions by shifting its accounting practices. The shift was from a budget broken down into capital and technical assistance accounts to one divided by functional accounts reflecting the outlines of the new legislation.<sup>59</sup>

### **Congressional Sources**

The 1961 FAA included a sort of "precursor" to the participatory element of the BHN mandate. This was Senator Hubert H. Humphrey's (D-MN) amendment which declared that the purpose of U.S. policy was, inter alia, "to encourage the development and use of cooperatives, credit unions, and savings and loan associations."<sup>60</sup>

The 1962 FAA added amendments declaring in effect that the highest priority should be given to programs providing loans or guarantees to institutions that would supply low interest loans for the purchase of small farms and homes, for small business, or for vocational training. Additional language authorized the President to support agrarian and land-tenure reform.<sup>61</sup>

The 1962 FAA contained a second "precursor" to the 1973 participatory strategy. This was an amendment introduced by Congressman Clement Zablocki (D-WI) on community development. The amendment provided that in recipient countries "emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level."<sup>62</sup>

The 1963 FAA added a subsection which declared that no assistance would be provided to a project from the Development Loan Fund unless the President determined that the project would promote economic development. Moreover, the project had to provide for "appropriate participation" of private enterprise. The 1964 FAA moved further in this direction by including a provision to the effect that USAID should make use of U.S. firms in financing its capital projects.<sup>63</sup>

The 1966 FAA added a major forerunner to New Directions. This was Title IX on participation. The amendment was introduced by Congressman Donald Fraser (D-MN) and co-sponsored by Congressman Zablocki.<sup>64</sup> Marian Czarnecki, who was chief of staff for the Foreign Affairs Committee, seems to have taken the lead in drafting the first unofficial version of Title IX.<sup>65</sup> Title IX received considerable support from Congressman Bradford Morse (R-MA) and 25 other House Republicans. From both sides its

justification drew heavily upon the political development literature.<sup>66</sup> Fraser mentioned that he saw Title IX as encouraging the "building blocks" of participatory governance.<sup>67</sup> Similarly, the House noted that "there is a close relationship between popular participation in the process of development and the effectiveness of that process."<sup>68</sup>

The original text of the amendment consisted of a single sentence: "In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of people in the developing countries, through the encouragement of democratic, private, and local government institutions."<sup>69</sup>

Programs authorized under Title IX covered nearly the full range of foreign assistance activities. These included development assistance, the Development Loan Fund, technical cooperation programs, development grants, the Alliance for Progress, and multilateral and regional programs in Southeast Asia.<sup>70</sup> The new mandate was also assigned to USAID. The aim and scope of Title IX led Braibanti to term it "the most important element of doctrine in U.S. foreign assistance policy."<sup>71</sup>

The 1967 FAA expanded and strengthened the mandate by adding provisions that recognized the problem of implementing and evaluating popular participation.<sup>72</sup> A new section on the objectives of development assistance was appended.<sup>73</sup> This section included language that emphasized the building of economic, political, and social institutions in the developing countries in order to protect U.S. security and developing country interests.<sup>74</sup> In order to meet these objectives, the 1967 FAA provided that development was primarily the responsibility of the developing countries themselves, that self-help efforts were essential to

successful development, and that assistance would be concentrated in those countries which took positive steps to help themselves and to encourage democratic participation of their peoples.<sup>75</sup>

The 1967 FAA also stipulated that the President should take into account the extent to which the receiving country was implementing measures to increase production, storage, and distribution of food. Additional criteria included the extent to which the recipient country was targeting expenditures to key areas, including agriculture, health, and education.<sup>76</sup>

Section 102 of the 1967 Act included the following provisions:

The first objectives of assistance shall be to support the efforts of less-developed countries to meet the developmental needs of their peoples for sufficient food, good health, home ownership, and decent housing, and the opportunity to gain basic knowledge and skills required to make their own way forward to a brighter future. In supporting these objectives, particular emphasis shall be placed on utilization of resources for food production and family planning.<sup>77</sup>

The major policy revisions of the 1967 FAA were not repeated in 1968 or 1969. During 1968, however, Title X on population planning was enacted requesting USAID Missions abroad to take "all practicable steps" to facilitate development of population projects and programs.<sup>78</sup>

The foreign aid bills of the early 1970s became the focal point for legislative battles to end the Vietnam war.<sup>79</sup> It was during this period that USAID usually functioned on the basis of continuing resolutions at existing levels of appropriations rather than by annual legislative mandate.<sup>80</sup> In 1971, the bill suffered a serious setback, when for the first time, on October 29, the Senate voted down its funding, 41-27.

One reason for the bill's demise is offered by Watts and Free. They say that it was attacked by conservatives for its failure to gain allies in the developing world, and by liberals who objected to its large military component.<sup>81</sup> Pastor offers an additional reason. He says that Congress was negatively affected by the U.N. decision to expel Taiwan on 25 October, 1971, which prompted a number of congressional resolutions calling for U.S. withdrawal from the United Nations or a reduction of the U.S. contribution to it.<sup>82</sup>

In early November, a Senate-passed bill that separated economic and military assistance was sent to Conference which remained deadlocked over the Mansfield amendment requiring the withdrawal of all troops from Southeast Asia within six months. In 1972, a large number of Senate votes against the bill indicated continued dissatisfaction with the foreign aid program.<sup>83</sup>

*The House Initiatives of 1973.* Grant notes that the House tried to aid Hannah's efforts in the administration.<sup>84</sup> Thus on 10 April 1973, a group of Foreign Affairs Committee members--14 Democrats and one Republican--sent a letter to President Nixon urging him to reform the foreign aid program on the basis of six principles.<sup>85</sup> Congressman Fraser led this group and later noted that the letter arose out of the general interaction between Committee members and staff.<sup>86</sup> When the administration responded with the unamended version of the bill on 3 May, a bi-partisan group of 26 House Foreign Affairs Committee members responded in turn with assistance legislation entitled the Mutual Development and Cooperation Act (MDCA) of 1973.<sup>87</sup>

The MDCA, as well as the letter which had been sent to the administration, had been loosely patterned on the original USAID proposals.<sup>88</sup> The title of the MDCA was meant to reflect the increasing economic and political interdependence between the United States and the developing countries and it was premised upon the idea that the process of development was mutually beneficial to both the United States and the Third World.<sup>89</sup>

The six "New Directions" principles were as follows: (1) the Foreign Assistance Act of 1961 was to be amended by the MDCA of 1973 and the name of USAID was to be changed to the Mutual Development and Cooperation Agency; (2) future U.S. bilateral aid should be focused on the functional categories of food production, rural development, and nutrition; population planning and health; and education and human resource development; (3) recipient countries should do more to design and implement their own developmental priorities and the United States should favor those countries which sought to improve the lives of their poorest majority through popular participation; (4) bilateral aid should be increasingly channeled through the private sector; (5) an Export Development Credit Fund should be created to expand U.S. exports to advance the development of the lowest income countries; and (6) a single government agency should coordinate all official development-related activities.<sup>90</sup>

In addition to the New Directions provisions, the 1973 FAA included the initial legislation of the 1970s linking human rights and foreign aid. This was a relatively inconspicuous Senate initiative which stated: "It is the sense of Congress that the President should deny any economic or military assistance to the government of any foreign country which

practices the interment or imprisonment of that country's citizens for political purposes."<sup>91</sup> Schoultz notes that major credit for raising the level of congressional concern for human rights is given to an extended set of hearings before Fraser's Subcommittee on International Organizations and Movements during 1973.<sup>92</sup>

During the summer of 1973, when the MDCA was debated by the House and Senate committees, the provision for the Export Development Credit Fund received considerable criticism and was deleted. This was because it was thought to duplicate services provided by the Export-Import Bank, the International Bank for Reconstruction and Development, and USAID's Development Loan Fund.<sup>93</sup> On 26 July 1973, the House version of the bill was passed by five votes, 188-183.<sup>94</sup> The Senate version was passed on 3 October, by a vote of 54-42.<sup>95</sup> In conference committee, the House provision to change the name of the Foreign Assistance Act to the Mutual Development and Cooperation Act and to change the name of USAID to the MDCA was deleted.<sup>96</sup> The remaining provisions were signed into law on 17 December, 1973.<sup>97</sup>

*Congressional Reforms.* Congress clearly began to play a more central role in the formulation of assistance strategy in the early 1970s. A brief review of the reforms in committee rules and procedures, and in congressional-executive relations, is necessary to understand the basis for the more active congressional role.

Sampson indicates that although there is agreement that Congress became more active in foreign affairs during the 1970s, but there is less agreement as to exactly why this occurred. He identifies four explanations: (1) congressional assertiveness occurs in cycles with war

tending to end the swing to Congress; (2) inept Presidents allow Congress to become more involved in foreign policy; (3) Vietnam created congressional distrust of the executive and thus changed the content and the process of U.S. foreign policy; and (4) new intermestic issues (ones which cut across domestic and foreign politics) have created incentives for Congress to become and to stay involved in foreign affairs.<sup>98</sup>

Former House member Charles Whalen offers an interpretation of the procedural changes that tends to emphasize the third explanation. He says that procedural reforms, well underway by the mid-1960s, were supported by anti-Vietnam members who saw them as the only means of obtaining a vote on the war. Whalen maintains that the reforms were adopted in piecemeal fashion between 1970 and 1974 with the three mutually reinforcing aims of decentralizing power within the House; creating greater openness in House procedures; and strengthening the House's capacity to deal with the executive branch.<sup>99</sup>

Specific reforms, many of which were contained in the Legislative Reorganization Act of 1970, included modification of the seniority principle for selecting committee chairmen, which would tend to eliminate older and more conservative chairs; expanding House member's personal staffs and the Congressional Research Service, thus enhancing House information gathering capabilities; expanding subcommittee rights; and restricting the executive's war-making authority.<sup>100</sup> Moreover, since 1970, the Foreign Assistance Act has provided that any aid program or project can be required to end eight months after Congress vetoed it by concurrent resolution.<sup>101</sup>



In sum, the New Directions strategy was presaged by earlier action of the congressional foreign affairs committees and in particular by House action on Title IX. To some extent the congressional reforms of the early 1970s acted as a catalyst for advancing New Directions in 1973.

### Intellectual Sources

During the 1960s and early 1970s there seems to have been a close relationship between development thought and official assistance policy. Many ideas were conveyed to decision makers in Congress and in USAID through the academic literature, congressional hearings, official and unofficial aid reports, conferences, professional staffs, and a variety of informal channels. By the early 1970s a number of foreign aid studies had reacted against the apparent failure of the growth-oriented approaches of the 1960s and provided the intellectual basis for New Directions.

Development thought in the 1960s shifted in two directions.<sup>102</sup> First, shortages in domestic savings and foreign exchange earnings were identified as potentially limiting factors on growth. The counterpart in official policy was to extend program-type lending to fill the foreign exchange gaps in the LDCs.<sup>103</sup>

A second focus of the 1960s, influenced by the emergence of the dual economy literature, was on sectoral development and alter on sector lending for agriculture in the late 1960s.<sup>104</sup> As sectoral development processes began to be better understood, the importance of investment in human capital and of policies designed to overcome resource scarcities through technical assistance began to be appreciated.<sup>105</sup>

The 1960s also saw the multidisciplinary broadening of development theory as dual economy ideas transcended the economic literature.<sup>106</sup>

Studies by sociologists and political scientists viewed the transition from a traditional state to "modernity" as involving changes in attitudes,<sup>107</sup> as well as in social and political institutions.<sup>108</sup> Many of these studies implied that development in the LDCs should replicate the transition to modernity undertaken by the industrialized countries.

Some analysts saw political development as part of the wider process of modernization marked by three criteria: structural differentiation, subsystem autonomy, and cultural secularization.<sup>109</sup> Huntington maintained that the problem of political development was measurable and essentially one of economic growth outstripping the pace of institutional development. He argued that the most effective way to prevent "political decay" was to broaden the degree to which people participated in the political process.<sup>110</sup> These sorts of ideas had provided the conceptual basis for Title IX.

According to Montgomery, the experiments in political modernization and administrative reform that these ideas had generated later caused disillusionment as the expected results failed to materialize. In this view, an important outcome was public mistrust of bureaucracy and a populist front advocating rural development and participation.<sup>111</sup>

The "Pearson Report" (1969) was an important mainstream study which had been commissioned by the World Bank and headed by Lester Pearson, former Prime Minister of Canada. The report recommended: (1) the removal of some barriers to the exports of LDCs and the promotion of more favorable conditions for foreign direct investment; (2) a volume of aid equal to 0.7 percent of the GNP of the DCs to sustain a growth rate of 6 percent per annum in the LDCs; (3) redirection of technical assistance to the problem

areas of agriculture, education, and population growth; and (4) strengthening and expanding the multilateral aid system through the use of international organizations.<sup>112</sup> The Pearson Report merited particular attention in Nixon's special message to Congress for its description of recent changes that had been occurring in the Third World. Rostow maintains that the report was especially important for the negative response it evoked from many development specialists who thought its recommendations were too modest and conventional.<sup>113</sup>

Criticism of foreign aid was launched from other circles also. On the left, some analysts viewed development assistance as an imperialist conspiracy designed to exploit Third World resources and cheap labor through ties of vested interest with Third World political and economic elites.<sup>114</sup>

The criticism from the right emphasized the role of foreign aid in expanding the public sector and in concentrating political power in the LDCs.<sup>115</sup> Bauer argued these and other deleterious effects of foreign aid: it increased the recipient country's debt burden, raised inflation, discouraged investment in agriculture and generally destroyed motivation and market efficiency.<sup>116</sup>

A neomalthusian critique maintained that a "population-food collision" in the Third World was inevitable with no hope for technological solutions.<sup>117</sup> The Paddocks argued that aid programs should be opposed since there was no way to monitor their effectiveness.<sup>118</sup> In contrast, the Ehrlichs called for massive "unprecedented aid" and suggested a policy of "triage" for some of the very poorest nations.<sup>119</sup>

A populist critique focused on the technocratic biases in the administration of aid resources. This view held that development assistance had minimal impact or tended to increase income disparities and strengthen the privileged position of large farmers in the developing countries.<sup>120</sup>

An important implicit critique was offered by the practice of the International Labor Organization (ILO) and the United Nations. These were among the first to implement a "basic-needs" or "employment-oriented" strategy. The new course was not unlike that of the international organizations during the "living standards movement" of the 1930s.<sup>121</sup>

In 1969, the ILO launched the World Employment Program with its primary objectives being to raise the living standards of the poor and to provide them with more productive work opportunities. Early ILO studies were focused on issues such as the relationship between population growth and employment, the possibility of adopting more labor-intensive technologies, the effect of trade expansion on employment, the links between educational systems and the labor market, urban employment problems, and the relationship between income distribution and employment.<sup>122</sup>

In 1970, the Organization for Economic Cooperation and Development (OECD) issued one of the first general surveys on the scope and nature of the employment problem in LDCs.<sup>123</sup> The "basic-needs" approach was also foreshadowed in United Nations studies of the early 1970s.<sup>124</sup> Similarly, the World Bank became involved in 1973, when its President, Robert MacNamara, pledged his organization to direct its resources toward

improving the productivity and welfare of the rural poor in the poorest countries.<sup>125</sup>

By May 1973, a summary analysis of some of the major proposals for the reorganization of U.S. development aid had been transmitted to the House Committee on Foreign Affairs by the Congressional Research Service. The summary included the Perkins, Rockefeller and Peterson Reports, as well as nine additional studies.<sup>126</sup> The CRS summary discerned several common themes:

- (1) Development assistance serves the national interest of the United States and is recognized as an instrument of national security policy.
- (2) Economic development is a good thing in its own right and that fact should merit U.S. participation in the process.
- (3) Multilateral aid is more disinterested than bilateral aid and should play a larger role in development.
- (4) Trade policy should be assigned a greater part, and barriers to entry of developing country products should be reduced.
- (5) Private investment should be assigned a greater part in development.
- (6) Developing countries must play a greater part in formulating their own programs and they must become more responsible for the consequences.
- (7) The requirements of social justice, meaning popular participation in decisions and ensuring that the benefits of development reach the neediest, should be taken into greater account.

- (8) Security assistance should be administered separately from development assistance.<sup>127</sup>

Other key studies of the early 1970s appeared to show that not only had there been a relative decline in the living standards of the lowest income groups in the developing countries during the 1960s, but that there had also been an absolute decline in some cases.<sup>128</sup> In a statistical study of 74 developing countries, Adelman and Morris concluded that "economic growth itself not only tends to be accompanied by actual declines in political participation but is one of the prime causes of income inequality."<sup>129</sup>

An influential study by Edgar Owens, an official of USAID, and Robert Shaw, a member of the ODC, advocated a "new" development strategy based on the participation of the rural poor.<sup>130</sup> The strategy had been distilled from the "relatively successful experience of post-war Japan, Taiwan, Korea, Egypt, Yugoslavia, Puerto Rico, and Israel" and it was a reaction against the 1960s policies of focusing investment on "capital-intensive endeavors in the big cities and on large farms."<sup>131</sup> The populist tone of the book seems to have contributed to the impact it had on some members of Congress. Fraser says that he saw Owens as one of the true "practitioners" of political development and the book as a kind of "natural evolution of participatory thinking."<sup>132</sup>

James Grant, who was President of the ODC, says that ODC became the principal advocate for the argument that "you could get growth with trickle-up."<sup>133</sup> He notes that it was a very conscious effort on his part to bring Owens and Shaw together to write the book.<sup>134</sup> These types of

ideas, concerning the necessity of growth with equity, provided the intellectual basis for New Directions.<sup>135</sup>

### External Sources

If intellectual thought informed the decisions of policymakers, so too did events in the international environment. Since the House intended New Directions to better reflect the emerging interdependence between the United States and the Third World, we now look to certain external changes which may have made that interdependence more evident.

*The Legacy of Vietnam.* Perhaps the legacy of U.S. involvement in Vietnam produced the most profound consequences affecting the timing and direction of the BHN mandate. We have seen that the war was a factor contributing to the increasing assertiveness of the House, but it also had an impact on the Nixon doctrine and foreign aid strategies. If public support for the war was relatively high in 1965, opposition to the war within the administration and Congress was increasing by 1966.<sup>136</sup> In Congress, Senator Fulbright argued that the United States had fallen victim to the "arrogance of power" and was courting disaster.<sup>137</sup> Fraser says that Vietnam was clearly a watershed in his thinking on foreign aid. During 1965-67 he and some of his associates were forced to think very hard about the assumptions and goals of U.S. foreign policy.<sup>138</sup> By 1967, it was apparent that the American military escalation had only resulted in a stalemate with the North Vietnamese.<sup>139</sup>

The Tet Offensive in January 1968 precipitated a full blown reevaluation of U.S. policy in Vietnam. By March 1968, the new Secretary of Defense, Clark Clifford, recommended the scaling down of American objectives to a negotiated settlement instead of military victory.<sup>140</sup> In

so doing the administration accepted the principle that South Vietnam should do more to defend itself<sup>141</sup>--a concept already familiar to Congress and one which formed the central basis of the Nixon doctrine of 1969.

The chronology of events demonstrated to Congress the apparent failure of what was in essence America's most protracted and costly foreign aid endeavor. To some officials, current military and economic aid strategies appeared no longer viable as instruments of containment and thus new strategies were required.

*The Decline of Bipolarity.* The decline of bipolarity was a second factor pointing in this direction. Bipolarity refers to the global distribution of power between the United States and the Soviet Union during the period from roughly the late 1940s until the Cuban missile crisis of 1962.<sup>142</sup>

According to Kegley and Wittkopf, the bipolar system was characterized by the primacy placed upon alliance systems, most notably the North Atlantic Treaty Organization (NATO) and the Warsaw Pact, used to link each superpower and its allies for defensive and offensive purposes. A main feature of the system was that each superpower's allies gave it forward strategic bases in exchange for protection.<sup>143</sup>

Spanier maintains that by the mid-1960s, the erosion of the major cold war ties led to a system, apparent by the early 1970s, more accurately described as bipolycentric.<sup>144</sup> Bipolycentrism refers to a system characterized by many centers of power, diverse relationships among lesser powers, and attempts by superpowers to establish alignments with the lesser powers.<sup>145</sup>



Kegley and Wittkopf maintain that one of the major reasons for the decline of the bipolar system was that rapid changes in intercontinental ballistic missile (ICBM) technology decreased the usefulness of forward-based missile sites and thus decreased the usefulness of cohesive alliance systems. A second reason was that as the military capabilities of the superpowers became more evenly matched, the European NATO members began to doubt whether the United States would actually be willing to trade New York City for Bonn or Paris in the advent of nuclear war.<sup>146</sup>

Thus the decline of bipolarity suggested the need for the United States to adopt new forms of cooperation with the Third World for reasons of national security.

*The Economic Rise of the Third World.* A third factor may be seen in the increasingly larger role of the Third World in international political and economic affairs. To some officials these changes constituted a perceived threat to the United States. A milder view, found in the Pearson Report, was that these changes had enabled the Third World to do more to determine its own developmental priorities. C. Fred Bergsten, senior economist on the National Security Council from 1969 to 1971, voiced the more extreme view when he warned:

Present U.S. policy neglects the Third World almost entirely, with the exception of our few remaining military clients (mainly in Southeast Asia). This policy is a serious mistake. New U.S. economic interests, which flow from the dramatic changes in the position of the United States in the world economy and the nature of the new international economic order, require renewed U.S. cooperation with

the Third World. New policy instruments, including but going beyond foreign aid, are needed to promote such cooperation.<sup>147</sup>

In this view, as the capabilities of the Third World grew stronger and as it became more self-confident, it appeared to pose a threat to the United States in three main economic areas: (1) in natural resources, many Third World countries had great potential for strategic market control and for exerting political and economic leverage against the United States; (2) in investment, the Third World countries could exercise leverage by threatening confiscation of foreign-owned assets or massive repudiation of their debts; (3) in trade, developing countries could threaten U.S. exports by cutting their own export prices or by becoming cheap "pollution havens." Moreover, the United States appeared to need positive help from the Third World in order to expand U.S. trade, maintain the international monetary system, and stem the flow of narcotics.<sup>148</sup>

In sum, the legacy of Vietnam, the decline of bipolarity, and the rising economic power of the Third World pointed to the fading of the absolute dominance of the United States in world affairs. This was made more evident in the early 1960s by the recovery of Western Europe and Japan from the effects of World War II and in the early 1970s by the collapse of the U.S.-led international monetary system. These factors may have demonstrated the need to adopt new strategies for gaining the allegiance and cooperation of the Third World.

#### Societal Sources

In 1964, President Johnson launched the Great Society program, which, with its emphasis on relieving urban poverty, was a sort of domestic analog to New Directions. As the decade progressed, the relative abundance of its

early years gave way to resource scarcities and an emerging environmental movement. During these years foreign policy began to reflect intermestic political concerns, and foreign aid budgets were cut back by the late 1960s.

*Public Opinion.* The political science literature indicates that public opinion seldom has a direct impact on foreign policy.<sup>149</sup> Since public opinion may occasionally act as either a constraint on, or as a stimulus to, foreign policy innovation, however, we look for relevant changes in public attitudes which may have affected New Directions.

Surveys of public attitudes toward development assistance issues suggest that public interest and knowledge are limited and that domestic issues are of primary concern. These surveys generally indicate a continuity in the level of public support for development aid. A late 1960s study showed that "small, quite constant, majorities of between 51 and 58 percent have on successive occasions from 1958 to 1966 said they were in favor of foreign aid."<sup>150</sup> The Chicago Council on Foreign Relations reported similar findings concerning public support for foreign aid during the 1960s.<sup>151</sup> An early 1966 Gallup poll found 53 percent of the American public was in favor of foreign aid.<sup>152</sup>

A detailed survey on developmental issues by the ODC concluded that an historic high level of 68 percent of Americans favored foreign aid in 1972.<sup>153</sup> However, the high figure was not supported by the 1974 Chicago Council on Foreign Relations poll which showed only 52 percent in favor of aid. A 1986 survey sponsored by the ODC and InterAction<sup>154</sup> found that the level of public backing for foreign economic aid had remained fairly steady over the past four decades. The survey found that 54 percent of the public

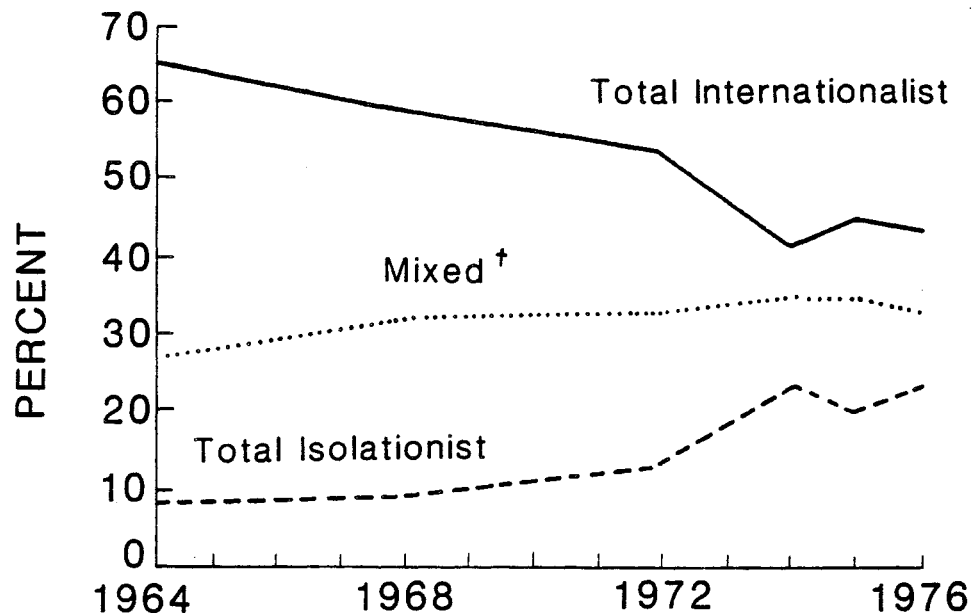
approved of foreign aid in 1986 and 39 percent opposed.<sup>155</sup> Both the 1972 and 1987 surveys found that the major reasons given by Americans for favoring economic assistance reflected a humanitarian concern with economic and political concerns "being far less important."<sup>156</sup>

Since public opinion toward foreign aid was characterized by continuity rather than change during the study period, we would expect it to have had little impact on New Directions. Several analysts have concluded, however, that the "internationalist"<sup>157</sup> mood of the American public began to erode during the late 1960s to mid-1970s, owing to differing perceptions of the meaning of the Vietnam war.<sup>158</sup> This erosion of "internationalism" may have had an indirect impact on New Directions since some key members of Congress saw it as pointing to diminishing support for foreign aid and the need to adopt new approaches. Senator Fulbright evidenced this view in June 1973, when he stated:

There is, I believe, general agreement that the traditional foreign economic aid program does not command the support of Congress or the public. What is needed, in my opinion, is not a cosmetic job to make foreign aid a more salable package to the public and Congress, but a thorough study of the entire spectrum of our Nation's economic relationships with the developing countries, of which foreign aid is only a small factor.<sup>159</sup>

In sum, the evidence suggests that public opinion had an indirect impact on New Directions. It seems that Congress was responding to an increased public caution or skepticism concerning foreign commitments that resulted from Vietnam, rather than to declining support for foreign aid.

**FIGURE 2. The Erosion of "Internationalist" Attitudes in American Public Opinion\***



SOURCE; Watts and Free, 1976: 21. Reprinted with permission from Foreign Policy, 24 (Fall 1976). Copyright 1976 by Carnegie Endowment for International Peace.

\* Trends based on questions asked of national cross-sections of the public in years shown. The figures for 1964 and 1968 are derived from responses to five statements concerning the general posture that the United States should assume in world affairs. The figures for 1972, 1974, 1975, and 1976 reflect responses to the same set of five statements, as well as two new statements regarding possible U.S. military intervention in defense of allies.

† The term "mixed" refers to the proportion of respondents who could not be clearly classified as either internationalists or isolationists.

However, in the eyes of Congress, Vietnam discredited traditional assistance and made it necessary to provide the public with New Directions.

*The Coalition of 1972.* Several analysts have concluded that the influence of special interest groups on American foreign policy began to increase in the 1960s as U.S. involvement in Vietnam expanded. They maintain that the antiwar lobby of the late 1960s, through its access in Congress and in Washington, built a base for future interest group access.<sup>160</sup> A related view is that the congressional reforms of the early 1970s facilitated interest-group access.<sup>161</sup> This might add to our understanding of the role played by special interest groups, such as the ODC, in affecting New Directions.

On 20 April, 1973, after the House had sent its foreign aid letter to the President without receiving a reply, Fraser met with James P. Grant at the ODC to discuss what the next step should be. This encounter led to a series of five or six breakfast meetings to discuss the content and strategy of a new foreign aid bill.<sup>162</sup> The meetings were hosted by Reps. Zablocki and Fraser and were attended by a group of 7-10 congressmen.<sup>163</sup> James P. Grant spoke at three of these meetings and brought with him the outlines of what was to become New Directions.<sup>164</sup> This included a provision for the Export Development Credit Fund, which was designed to mobilize an additional amount of money.<sup>165</sup>

James Howe and Charles Paolillo of the ODC attended some of these meetings as did Edgar Owens of USAID.<sup>166</sup> Paolillo was a visiting lawyer from USAID who was asked to write the bill. According to Grant, Paolillo was entirely responsible for the original draft of the legislation which was then handed over to the House.<sup>167</sup> The ODC strategy centered on how to

"get back equity with growth." It was also aimed to mobilize an additional constituency. Thus, the ODC lined up and wrote the testimony of a number of witnesses who appeared before the House during June.<sup>168</sup> Later in June many of the same witnesses also testified in favor of the new foreign aid bill before the Senate.

In his testimony, Orville Freeman, former Secretary of agriculture, President of the Business International Corp, addressed only the Export Credit Fund portion of the bill.<sup>169</sup> He endorsed the fund on the grounds that it would repair America's noncompetitive export position in the low-income markets and pointed to the success of a "parallel program"--Public Law 480.

Edward Mason, professor emeritus, Harvard University and member of the Board of Trustees of the Overseas Development Council, was the first person to deal directly with the New Directions proposals.<sup>170</sup> Mason endorsed the bill's purpose to redirect aid to the poorest sectors and also its emphasis on private initiative. He also supported the bill's aim to separate developmental from military and political objectives and its "most novel" aspect--the U.S. Export Development Credit Fund. Mason maintained that the fund would have a pronounced effect on the geographic allocation of aid since it intended to limit potential borrowers to countries having per capita incomes of less than U.S. \$200.

Tony T. Dechant who was the chairman of the Advisory Committee on Overseas Cooperative Development and President of the National Farmers Union,<sup>171</sup> was accompanied by representatives of the international cooperative movement, who added their support to the House proposals.<sup>172</sup> Dechant said that cooperatives could continue to help large numbers of the

rural and urban poor unlike large capital projects which relied on "trickle-down" approaches. He also said that cooperatives strengthened local-level institutions and encouraged participation of the poor.

The first person to deal with the proposed New Directions changes in detail was James P. Grant, President of the Overseas Development Council.<sup>173</sup> His testimony is the clearest and most extensive public explanation of the bill's six main proposals.<sup>174</sup> Grant maintained that development ought to "encompass minimum human needs of man for food, health, and education, and for a job which can give him both the means to acquire these basic needs as well as a psychological sense of participating usefully in the world around him." Citing Development Reconsidered, he said that the recent experience of a number of poor countries demonstrated that these goals could be met through an effective combination of domestic and international policies.

The largest portion of Grant's testimony was devoted to a discussion of the Export Development Credit Fund, the purpose of which was to make credits available for financing U.S. exports--primarily "electrical products, heavy construction equipment, and fertilizers"--to countries with less than \$200 per capita annual GNP. According to Grant, the fund seemed "an ingenious idea" to increase exports "by some \$1 billion a year at no additional cost to the taxpayer."

Grant also justified the bill on the grounds that "international politics and power relationship are changing, with security concerns giving way to economic issues among nations." These changes "require the U.S. and other rich nations to pay greater attention to the needs and desires of many developing countries."



In a letter that appeared on the House record, Vice-President Edward E. Hood of General Electric wrote that his company strongly endorsed the proposed legislation since it would "substantially serve to stimulate U.S. exports to underdeveloped nations, contribute very significantly to an improved U.S. balance of payments, and generate thousands of new jobs."<sup>175</sup>

In another letter on the House record, Leonard Woodcock, President of the United Auto, Aerospace, and Agricultural Implement Workers of America, endorsed the aim to redirect development assistance to the poorest people and noted that aid met only a small part of the need for foreign exchange earnings in the poor countries. He emphasized the importance the UAW attached to an open trading system and supported the Export Fund as a way of both increasing U.S. exports and assisting Third World development.<sup>176</sup>

In his letter on the House record, David Rockefeller, President of the Chase Manhattan Bank, backed the bill on the grounds that it directed assistance to the neediest people in the poor countries. He also approved the Export Fund on the grounds that it would make the financing of U.S. exports more competitive with that of other rich countries.<sup>177</sup>

Edgar Owens, an official in the USAID and the senior author of Development Reconsidered, did not testify before the House but prepared a lengthy statement for the record which repeated the central thesis of his book.<sup>178</sup>

James MacCracken, chairman of the American Council of Voluntary Agencies (ACVA)<sup>179</sup> testified together with the executive directors of the major religious relief agencies.<sup>180</sup> He said that in ACVA, which represented a constituency of 41 voluntary agencies working in foreign

service, there was general consensus for support of the bill since it brought aid "down to the level of the people."

Lucy Wilson Benson, President of The League of Women Voters, provided a letter for the House record that endorsed each of the bill's main provisions.<sup>181</sup>

Primary criticism of the proposed legislation was furnished by William C. Paddock, author and consultant in tropical agriculture. He repeated his earlier thesis that the U.S. foreign aid program should be discontinued since its effectiveness could not be determined.<sup>182</sup>

In sum, interest groups played a supportive role in promoting New Directions. This seems to have been mainly because Congress recruited interest group backing, but also because "basic needs" enjoyed a broad-based appeal, and some groups had attained increased access to Congress as a result of the Vietnam War. Thus, in 1973 an effective coalition was formed among liberal congressmen, some members of USAID, the ODC, the international cooperative movement, some members of big business, and those representing humanitarian concerns.

#### **Beyond New Directions**

During the mid-1970s a number of changes were effected in USAID policies that reflected the thrust of the New Directions legislation. Country Development Strategy Analyses were required to give special attention to the analysis of the extent and sources of poverty. Agriculture, rural development, health, nutrition, and family planning received increased emphasis in the development assistance budget.<sup>183</sup> The basic needs orientation of USAID was complemented by the efforts of the

World Bank and a number of bilateral donors including Canada, Britain, the Netherlands, and the Nordic countries.<sup>184</sup>

Changes in the regional allocation of development assistance also reflected a shift away from the relatively high per capita income LDCs and toward the poorest countries. In Latin America programs in Uruguay, Brazil, and Venezuela were phased out. In Asia there was increased focus of mission activity in Bangladesh, Indonesia, and the Philippines; assistance to Korea was terminated. There was a rise in the number of USAID missions in Africa from 8 in 1973 to 28 in 1980 and there was a growing support for the programs of private voluntary organizations.<sup>185</sup>

During the 1970s the basic needs and human rights orientation of U.S. foreign policy began to develop in tandem. Schoultz maintains that by adopting human rights as the soul of his foreign policy, President Carter legitimized a humanitarian concern in much the same way that John Kennedy had legitimized economic aid through the Alliance for Progress.<sup>186</sup> Similarly, the Nixon doctrine and detente provided a window in which the strategic and humanitarian objectives of economic assistance were in relative harmony. This enabled humanitarian concerns to rise to the fore and reshape the foreign aid program.

By the end of the decade, however, the New Directions thrust had begun to falter. Security concerns, particularly in the Middle East, began to receive a higher priority. The supporting assistance budget rose in relation to development assistance. Israel and Egypt became the two largest recipients of aid from the United States.

## ENDNOTES

<sup>1</sup>Prior to 1973 the Foreign Assistance Act was comprised of the following budget categories: development loans, technical assistance, Alliance for Progress, loans and grants, and population. See "Foreign Assistance Act of 1971," United States Statutes at Large: 1972 vol. 86 (Washington, DC: GPO, 1972), p. 20. For the original text of the Act see, "Foreign Assistance Act of 1961," United States Statutes at Large: 1961, vol. 85 (Washington, DC: GPO, 1961), p. 424.

<sup>2</sup>Clifford Geertz, The Interpretation of Cultures (New York: Basic Books, 1973), p. 14.

<sup>3</sup>See James N. Rosenau, "Pre-Theories and Theories of Foreign Policy," in Approaches to Comparative and International Politics, ed. R. B. Farrell (Evanston, IL: Northwestern University Press, 1966); and idem The Scientific Study of Foreign Policy (New York: Free Press, 1971).

<sup>4</sup>See also Joseph V. Kennedy and Vernon W. Ruttan, "A Reexamination of Professional and Popular Thought on Assistance for Economic Development: 1949-1952," Journal of Developing Areas 20 (April 1986), 297-326; James M. Hagen and Vernon W. Ruttan, "Development Policy under Eisenhower and Kennedy," Journal of Developing Areas, forthcoming; John S. Odell, U.S. International Monetary Policy: Markets, Power, and Ideas as Sources of Change (Princeton, NJ: Princeton University Press, 1982).

<sup>5</sup>Stephen G. Walker, "Levels of Decision in American Foreign Policy," (Paper presented to the Annual Meeting of the American Political Science Association, New Orleans, LA, 1985), p. 12.

<sup>6</sup>Ibid., p. 13.

<sup>7</sup>Ibid., p. 16. For alternative frameworks see, Lars Schoultz, Human Rights and United States Policy Toward Latin America (Princeton: Princeton University Press, 1981); and Steven L. Spiegel, The Other Arab Israeli Conflict: Making America's Middle East Policy, from Truman to Reagan (Chicago: University of Chicago, 1985).

<sup>8</sup>Charles Kegley and Eugene Wittkopf, American Foreign Policy: Pattern and Process (New York: St. Martins, 1982), p. 14.

<sup>9</sup>See for example William A. Niskanen, Bureaucracy and Representative Government (Chicago: Atherton, 1971); Stephen A. Hoenack, Economic Behavior Within Organizations (Cambridge: Cambridge University Press, 1983).

<sup>10</sup>See John Lewis Gaddis, Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy (New York: Oxford University Press, 1982), chap. 7. Gaddis (p. 200) cites W. W. Rostow's 284-page draft statement of "Basic National Security Policy" as being an important guide to the administration's strategic designs.

<sup>11</sup>Gaddis, (p. 204) cites Paul A. Samuelson and Walter Heller as being two top economic advisers to Kennedy who advocated that the economy could sustain, or even benefit from, increases in spending for both national defense and domestic economic reform.

<sup>12</sup>Ibid., p. 215.

<sup>13</sup>Walt W. Rostow, "On Ending the Cold War," Foreign Affairs 65, (Spring 1987): 836.

<sup>14</sup>Congressional Research Service (CRS), "The New Directions Mandate and the Agency for International Development" in AID's Administrative and Management Problems in Providing Foreign Economic Assistance. Hearing

before a Subcommittee of the Committee of Government Operations. House of Representatives, 97th Congress, 1st session; October 6, 1981 (Washington, DC: GPO, 1981), p. 95. See also, James M. Hagen and Vernon W. Ruttan, "Development Policy Under Eisenhower and Kennedy," Journal of Developing Areas, forthcoming.

<sup>15</sup>CRS, "New Directions Mandate," p. 95.

<sup>16</sup>Ibid., p. 96. The CRS notes that the 1961 FAA drew heavily upon a 1956 CENIS/MIT study headed by Max Millikan and W. W. Rostow titled, The Objectives of U.S. Development Assistance Programs.

<sup>17</sup>Ibid., p. 98.

<sup>18</sup>Norman Viviani, "Problems of Aid Administration and Policy Formulation among Western Countries," in International Aid: Some Political, Administrative, and Technical Realities, ed. R. T. Shand (Canberra: Australian National University, 1979), pp. 80-81.

<sup>19</sup>Report of the President's Advisory Committee on Foreign Assistance Programs [The Perkins Report], "Development Assistance in the New Administration" (Washington, DC: October, 1968), p. 81.

<sup>20</sup>CRS, The Reorganization of U.S. Development Aid: A Comparison and Summary of Some Official and Unofficial Proposals. A report prepared for the House Committee on Foreign Affairs (Washington: U.S. GPO, May 1973), p. 2.

<sup>21</sup>For varying perspectives on the meaning of the Nixon foreign policy see Robert E. Osgood, ed., Retreat from Empire? The First Nixon Administration (Baltimore, MD: Johns Hopkins University Press, 1973).

<sup>22</sup>Rostow, "Ending the Cold War," p. 836.

<sup>23</sup>Leslie Gelb, "What Exactly is Kissinger's Legacy?" New York Times Magazine, October 31, 1976; cited in Kegley and Wittkopf, p. 65.

<sup>24</sup>Simon Serfaty, "Brzezinski: Play It Again Zbig," Foreign Policy 32 (Fall 1978), 3-21; cited in Kegley and Wittkopf, p. 65.

<sup>25</sup>Gaddis, "Strategies of Containment," pp. 274-308.

<sup>26</sup>Richard M. Nixon, "U.S. Foreign Policy for the 1970's, a New Strategy for Peace" (Presidential report to Congress, February 18, 1970).

<sup>27</sup>Nelson A. Rockefeller, [The Rockefeller Report], The Rockefeller Report on the Americas: The Official Report of a U.S. Presidential Mission for the Western Hemisphere, New York Times edition (Chicago: Quadrangle Books, 1969).

<sup>28</sup>CRS, United States Foreign Policy for the 1970's: A Comparison of the President's 1970 and 1971 Foreign Policy Reports to Congress (Washington, DC: GPO, 1971), p. 18.

<sup>29</sup>Ibid., p. 18.

<sup>30</sup>See statement by Senator Javits (R-NY), A Foreign Economic Policy for the 1970s, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee, 91st Cong, 1st Sess (Washington, DC: GPO, 1970), p. 503.

<sup>31</sup>The Task Force on International Development [The Peterson Report], "U.S. Foreign Assistance in the 1970s: A New Approach." Report to the President from the Task Force on International Development (March 1970); reprinted in Foreign Economic Policy for the 1970s, pp. 460-502.

<sup>32</sup>Richard M. Nixon, "Special Message to Congress Proposing Reform of the Foreign Assistance Program," 15 September 1970. Reprinted in Public Papers of the Presidents of the United States: Richard Nixon, 1970

(Washington, DC: GPO, 1971), pp. 745-46.

<sup>33</sup>CRS, Comparison of the President's 1970 and 1971 Foreign Policy Reports, p. 18.

<sup>34</sup>Robert A. Pastor, Congress and the Politics of U.S. Foreign Economic Policy (Berkeley: University of California Press, 1980), p. 278.

<sup>35</sup>CRS, Reorganization of U.S. Development Aid, p. 27.

<sup>36</sup>Pastor, Congress and the Politics, pp. 277-78.

<sup>37</sup>CRS, U.S. Foreign Policy for the 1970's: A Comparative Analysis of the President's 1972 Foreign Policy Report to Congress, (Washington: U.S. GPO, 1972), p. 1.

<sup>38</sup>CRS, U.S. Foreign Policy for the 1970s: An Analysis of the President's 1973 Foreign Policy Report to Congress (Washington, DC: GPO, 1973), pp. 1 and 79.

<sup>39</sup>Ibid., p. 79.

<sup>40</sup>John A. Hannah, "Memorandum for AID Employees," dated 24 January 1972 with attachment attributed to Maurice J. Williams entitled, "Reform of the U.S. Economic Assistance Program."

<sup>41</sup>The CRS notes that prior to 1973, USAID's Latin American Bureau had been shifting away from large infrastructure projects to ones which focused more on agriculture, education and health. Marian Czarnecki, former chief of staff for the Foreign Affairs Committee, supported this view in the interview of 3 November 1987 as do the papers of Berg and James D. Grant (see notes #43 and #51). In James D. Grant's 1973 interview with Czarnecki, Czarnecki recalled that the House had toyed with the functional budget idea as early as 1971.



<sup>42</sup>USAID, unpublished report commonly referred to as the "Stern Report." Transmitted to USAID Administrator 13 December 1971. Signed by Ernest Stern, Philip Birnbaum, and Thomas Arndt.

<sup>43</sup>Ellen Ziskind Berg, "The 1973 Legislative Reorientation of the United Foreign Assistance Policy: The Content and Context of a Change" (M.A. thesis, George Washington University, 1976), p. 164.

<sup>44</sup>Ibid., p. 170.

<sup>45</sup>Fraser interview, 9 June 1987; Williams interview, 2 November 1987; Czarnecki interview, 3 November 1987.

<sup>46</sup>Williams interview, 2 November 1987. In drafting his report, Williams noted that he may have been partially influenced by some of the thinking and statements of a Mr. Marshanick, director of the official Swedish aid agency.

<sup>47</sup>Ibid. Williams noted that he served as a deputy to Hannah to run the agency and to keep him informed and that Hannah handled the sensitive relationships among the Secretary of State, the President and Congress. See also CRS, "The New Directions Mandate," p. 117.

<sup>48</sup>"New Directions Mandate, II, p. 232.

<sup>49</sup>See Williams, Reform of the U.S. Economic Assistance Program.

<sup>50</sup>Statement by Maurice Williams, deputy administrator of USAID, Foreign Assistance Act of 1972, Hearings before the House Committee on Foreign Affairs, (Washington, DC: GPO, 1972), p. 104.

<sup>51</sup>James D. Grant, "An Analysis of the Congressional Foreign Aid Initiative of 1973," (B.A. thesis, Harvard University 1975), p. 7.

<sup>52</sup>CRS, "New Directions Mandate," pp. 232-33. The CRS cites Policy Determination #48, "Employment and Income Distribution Objectives for AID Programs and Policies" (USAID, 2 October 1972), and "Employment and Income Distribution Objectives for AID Programs and Policies" (USAID, Policy Background Paper, October 1972).

<sup>53</sup>Ibid., p. 117. In December 1972, a second USAID task force reported to Hannah. See, "Proposed U.S. International Development Assistance Program for the President's Second Term," an internal report of the task force headed by Sidney Brown. Berg notes that this report strengthened the recommendation for the functional budget categories. Also see Berg, p. 165.

<sup>54</sup>CRS, "New Directions Mandate," p. 117. James D. Grant maintains that the bill stepped on too many bureaucratic toes and threatened to remove strategic oversight from the State Department. Berg maintains that the bill was particularly disliked by the NSC because it separated military and economic assistance.

<sup>55</sup>James D. Grant, citing a 1973 interview with James Frey who was chief, International Programs Division of OMB.

<sup>56</sup>The Overseas Development Council, founded in 1969, is a privately funded organization concerned with the promotion of foreign aid and development. James P. Grant, formerly assistant administrator of USAID, was president of the ODC during 1969-73.

<sup>57</sup>Pastor, Congress and the Politics, p. 279.

<sup>58</sup>Ibid., p. 279.

<sup>59</sup>CRS, "New Directions Mandate," p. 233.

<sup>60</sup>Cited in Ralph Braibanti, "External Inducement of Political and Administrative Development," in Political and Administrative Development, Ralph Braibanti, ed. (Durham, NC: Duke University Press, 1969), p. 11.

<sup>61</sup>CRS, "New Directions Mandate," p. 99.

<sup>62</sup>Cited in Braibanti, "External Inducement," p. 10. See also U.S. Congress House of Representatives, Foreign Assistance Act of 1962, 87th Cong 2nd Sess H. Rept. 1788 (Washington, DC: GPO, 1962).

<sup>63</sup>CRS, "New Directions Mandate", pp. 99-100.

<sup>64</sup>Braibanti, "External Inducement," p. 13, notes that Fraser is generally accepted as the initiator of Title IX both in Congress and in USAID.

<sup>65</sup>Czarnecki interview, 3 November 1987.

<sup>66</sup>See statements by Donald M. Fraser, Congressional Record, 13 July 1966, pp. 15444-15449; and by Bradford Morse, Congressional Record, 15 March 1966, pp. 5852-5856.

<sup>67</sup>Fraser interview, 9 June 1987.

<sup>68</sup>Cited in Braibanti, p. 15.

<sup>69</sup>Ibid, p. 15.

<sup>70</sup>Ibid., p. 15.

<sup>71</sup>Ibid., p. 13.

<sup>72</sup>Ibid., p. 15-21.

<sup>73</sup>CRS, "New Directions Mandate," p. 103.

<sup>74</sup>Ibid., p. 102, which cites section 207 of the 1967 FAA.

<sup>75</sup>Ibid., p. 102.

<sup>76</sup>Ibid., p. 104.

<sup>77</sup>Ibid., p. 103, which is citing Section 207 of the 1967 FAA.

<sup>78</sup>Review of Title X by Secretary of State Elliot Richardson, Foreign Assistance Act of 1969, Hearings before the House Committee on Foreign Affairs (Washington, DC: GPO, 1969), p. 113.

<sup>79</sup>CRS, "New Directions Mandate," p. 104.

<sup>80</sup>Pastor, Congress and the Politics, p. 278.

<sup>81</sup>William Watts and Lloyd A. Free, State of the Nation (Lexington, MA: Lexington Books, 1973), pp. 129-37, 215.

<sup>82</sup>Pastor, Congress and the Politics, p. 278.

<sup>83</sup>Watts and Free, State of the Nation, p. 216.

<sup>84</sup>Grant, "Analysis of the Congressional Foreign Aid Initiative," p. 9.

<sup>85</sup>CRS, "New Directions Mandate," p. 117.

<sup>86</sup>Fraser interview, 9 June 1987.

<sup>87</sup>CRS, "New Directions Mandate," p. 128.

<sup>88</sup>Grant, "Analysis of the Congressional Foreign Aid Initiative," p. 10; CRS, "New Directions Mandate," p. 232; Berg, chap. 5.

<sup>89</sup>CRS, "New Directions Mandate," p. 133.

<sup>90</sup>Ibid., pp. 133-40. For a slightly different summary perspective see testimony of James P. Grant (cited in note #167).

<sup>91</sup>Schoultz, Human Rights, p. 195.

<sup>92</sup>Ibid., pp. 194-95.

<sup>93</sup>Ibid., pp. 141-42.

<sup>94</sup>Ibid., p. 142.

<sup>95</sup>Ibid., p. 151. Grant notes that Senators George Aiken (R-VT) and Hubert Humphrey (D-MN) built a base of support for the bill in the Senate. Senators J. W. Fulbright (D-AR), Mike Mansfield (D-MT), and Frank Church (D-ID) opposed the mandate.

<sup>96</sup>Ibid.

<sup>97</sup>Ibid., p. 153.

<sup>98</sup>Martin W. Sampson, "Witness for Issue Change," (paper delivered at 1982 Midwest meeting of the International Studies Association, St. Louis, MO).

<sup>99</sup>Charles Whalen, The House and Foreign Policy (Chapel Hill: University of North Carolina Press, 1982), p. 26.

<sup>100</sup>Ibid., pp. 26-48.

<sup>101</sup>Thomas M. Franck and Edward Weisband, Foreign Policy by Congress (New York: Oxford University Press, 1973), p. 79.

<sup>102</sup>Vernon W. Ruttan, "Development Thought, Development Assistance and Assistance Impact," (paper presented at the John F. Kennedy School of Government, Harvard University, Cambridge, MA, 5 December, 1985), p. 2. Also see Hollis B. Chenery and Alan M. Strout, "Foreign Assistance and Economic Development," American Economic Review 56: (September 1966), 679-733.

<sup>103</sup>Ruttan, "Development Thought," p. 2.

<sup>104</sup>Ibid., p. 3. For a summary of the literature see Yujiro Hayami and V. W. Ruttan, Agricultural Development: An International Perspective (Baltimore, MD: Johns Hopkins University Press, 1985), pp. 22-33.

<sup>105</sup>Ruttan, "Development Thought," p. 4. See Theodore W. Schultz, Transforming Traditional Agriculture, (New Haven, CT: Yale University Press, 1964); idem, Investment in Human Capital, (New York, Free Press: 1971); Hayami and Ruttan, Agricultural Development.

<sup>106</sup>Bjorn Hettne, Development Theory and the Third World (Stockholm: Swedish Agency for Research Cooperation with Developing Countries, 1982), p. 33.

<sup>107</sup>See Daniel Lerner, The Passing of Traditional Society, (Glencoe, IL: Free Press, 1962); David McClelland, The Achieving Society, (Princeton, NJ: Van Nostrand, 1962).

<sup>108</sup>See Berthold F. Hoselitz et al., Theories of Economic Growth, (Glencoe, IL: Free Press, 1960); David Apter, The Politics of Modernization, (Chicago: University of Chicago Press, 1965).

<sup>109</sup>See Gabriel A. Almond, James Coleman, (eds.), The Politics of Developing Areas, (Princeton: Princeton University Press, 1960); Gabriel A. Almond, Comparative Politics: A Developmental Approach (Boston: Little Brown, 1966).

<sup>110</sup>See Samuel Huntington, "Political Development and Political Decay," World Politics 17 (April 1965): 415; idem, Political Order in Changing Societies, (New Haven, CT: Yale University Press, 1968).

<sup>111</sup>John D. Montgomery, "The Populist Front in Rural Development: Or Shall We Eliminate the Bureaucrats and Get On with the Job?" Public Administration Review, 39 (January/February 1979): 58-66.

<sup>112</sup>Lester B. Pearson, Partners in Development: Report of the Commission on Economic Development (New York: Praeger, 1969).

<sup>113</sup>Walt W. Rostow, Eisenhower, Kennedy, and Foreign Aid (Austin: University of Texas Press, 1985), p. 180. A key reaction against the Pearson Report was Barbara Ward ed., The Widening Gap: Development in the 1970s (New York: Columbia University Press, 1971).

<sup>114</sup>See Teresa Hayter, Aid as Imperialism (Baltimore, MD: Penguin Books, 1971); Samir Amin, "Development and Structural Change: African Experience," in Ward ed.; Susanne Bodenheimer, "Dependency and Imperialism," in K. T. Fann and Donald Hodges, Readings in U.S. Imperialism (Boston, MA: Peter Sargent, 1971); Denis Goulet and Michael Hudson, The Myth of Foreign Aid: The Hidden Agenda of the Development Reports (New York: International Documentation North America, 1971).

<sup>115</sup>See P. T. Bauer, Dissent on Development (Cambridge, MA: Harvard University Press, 1971). Bauer's article "The Case Against Foreign Aid," Wall Street Journal 3 October 1972, was inserted in the Congressional Record by Senator J. W. Fullbright (D-AK) during Senate Hearings on 2 Oct. 1973 (S.18392-18393).

<sup>116</sup>Bauer, "Case Against Foreign Aid."

<sup>117</sup>See for example Joseph Spengler, The Economist and the Population Question [1965 Presidential Address to the American Economics Association American Economic Review 56 (March 1966):1-24]; Spengler, Population Change, Modernization and Welfare (Englewood Cliffs, NJ: Prentice Hall, 1974); Jay Forrester, World Dynamics (Cambridge, MA: Wright-Allen, 1971); Dennis Meadows et al., The Limits to Growth (New York: Universe Books, 1972); Robert Heilbroner, "Growth and Survival," Foreign Affairs (1972): 139.

<sup>118</sup>See William Paddock and Paul Paddock, Hungry Nations (Boston, MA: Little Brown, 1964); idem, Famine 1975! (Boston, MA: Little Brown, 1967); William Paddock and Elizabeth Paddock, We Don't Know How (Ames: Iowa State University Press, 1973).

<sup>119</sup>See Anne and Paul R. Ehrlich, Population, Resources, Environment-- Issues in Human Ecology (San Francisco, CA: Freeman, 1970); P. R. Ehrlich and R. Harriman, How to be a Survivor, (London: Pan/Ballantine, 1971); Paul R. Ehrlich, The Population Bomb (London: Pan, 1971).

<sup>120</sup>Ruttan, "Development Thought," pp. 8-9. See also Keith Griffin and John L. Enos, "Foreign Assistance: Objectives and Consequences," Economic Development and Cultural Change, 18 (April 1970): 313-27; Griffin, The Political Economy of Agrarian Change (Cambridge, MA: Harvard University Press, 1974); Ernst F. Schumacher, Small is Beautiful--A Study of Economics as if People Mattered (London: Blond and Briggs, 1973).

<sup>121</sup>Douglas Rimmer, "'Basic Needs' and the Origins of the Development Ethos," The Journal of Developing Areas 15 (January 1981): 215-38.

<sup>122</sup>International Labor Office, Poverty and Landlessness in Rural Asia (Geneva: ILO, 1977), p. vi. See, for example, Employment Missions to Columbia, Towards Full Employment (Geneva: ILO, 1970); and Kenya, Employment, Incomes, and Equality (Geneva: ILO, 1972).

<sup>123</sup>David Turnham, The Employment Problem in Less Developed Countries: A Review of the Evidence (Paris: Development Center of the OECD, 1971).

<sup>124</sup>See, for example, Committee for Development Planning, Attack on Mass Poverty and Unemployment (New York: UN, 1972); UN Secretary-General, First Biennial Review of the International Development Strategy (New York: UN, 1973).

<sup>125</sup>Robert MacNamara, "Address to the Board of Governors" (Washington, DC: World Bank, September 1973). Pastor, Congress and the Politics (p. 278) notes that MacNamara first discussed the need for a new approach in a speech during 1972.



<sup>126</sup>CRS, Reorganization of U.S. Development Aid. These proposals were: The Committee for Economic Development, Assisting Development in Low-Income Countries: Priorities for U.S. Government Policy (New York: CED, 1969); Robert Asher, Development Assistance in the Seventies: Alternatives for the United States, (Washington, DC: Brookings Institution, 1970); Samuel Huntington, "Foreign Aid: For What and for Whom," Foreign Policy 1 (Winter 1970-71); Lester Brown, World Without Borders (New York: Random House, 1972); Robert E. Hunter and John E. Rielly, eds., Development Today (New York: Praeger, 1972); Harald B. Malmgren, "Trade and Development," in Development Today, ed.; Edgar Owens and Robert Shaw, Development Reconsidered, (Washington, DC: Heath, 1972); Kenneth Thompson, Foreign Assistance: A View From the Private Sector (Notre Dame, IN: University of Notre Dame Press, 1972). An important work on participation not cited in the CRS summary study was Max Millikan et al., The Role of Popular Participation in Economic Development, MIT Report 17 (Cambridge, MA: MIT Press, 1969). Numerous other scholars contributed directly to the debate. See, for example, Views on Foreign Assistance Policy: Comments by Individuals and Organizations 93rd Cong. 1st sess. (Washington, DC: GPO, January 1973), p. 169.

<sup>127</sup>CRS, Reorganization of U.S. Development Aid, pp. 36-38.

<sup>128</sup>See for example Irma Adelman and Cynthia Taft Morris, Economic Growth and Social Equity in Developing Countries (Stanford, CA: Stanford University Press, 1973); Albert Fishlow, "Brazilian Size Distribution of Income," American Economic Review 62 (May 1972): 391-402; Hollis B. Chenery et al., Redistribution with Growth (London: Oxford University Press, 1974); and the various ILO studies (cited in note 122).

<sup>129</sup>Adelman and Morris, pp. 1-2.

<sup>130</sup>Edgar Owens and Robert Shaw, Development Reconsidered: Bridging the Gap Between Government and People (Washington, DC: Heath, 1972).

However, the ideas contained in the study were certainly not new. The participatory strategy and the terminology "bridging the gap between government and people" had been elaborated by Millikan in 1961. See Millikan et al. The Emerging Nations: Their Growth and United States Policy (Boston, MA: MIT, Little Brown, 1961), p. 62.

<sup>131</sup>Owens and Shaw, Development Reconsidered, p. iv.

<sup>132</sup>Fraser interview, 9 June 1987.

<sup>133</sup>Grant interview, 16 October 1987. See also, James P. Grant, Growth from Below: A People Oriented Development Strategy, Development Paper #16 (Washington, DC: ODC, 1973); James P. Grant and Susan Sammartano, Growth with Justice: A New Partnership?, Communique on Development Issues, #18 (Washington, DC: ODC, 1973); Robert E. Hunter, The United States and the Developing World: Agenda for Action (Washington, DC: ODC, 1973); Paul A. Laudicina, World Poverty and Development: A Survey of American Opinion, Monograph #8 (Washington, DC: ODC, 1973); and Barbara Ward, A "People" Strategy of Development, Communique on Development Issues #23 (Washington, DC: ODC, 1973).

<sup>134</sup>Grant interview, 16 October 1987. Grant noted that Owens had been talking about many of these ideas earlier but had been unable to publish. He said that Shaw was a "bright young graduate student" who was assigned to the project in order to get the book out.

<sup>135</sup>In the foreward to the Third Printing, Congressman Fraser writes that Development Reconsidered formed the "intellectual backdrop" to New Directions. Fraser had commented favorably on the manuscript as early as 1966. See speech by Donald Fraser, 13 July 1966 Congressional Record, pp. 15444-15450.

<sup>136</sup>George C. Herring, America's Longest War: The United States and Vietnam, (New York: John Wiley, 1979), p. 123.

<sup>137</sup>Ibid., p. 172.

<sup>138</sup>Fraser interview, 9 June 1987.

<sup>139</sup>Herring, America's Longest War, p. 172.

<sup>140</sup>Ibid., p. 146.

<sup>141</sup>Ibid., p. 192-95.

<sup>142</sup>Kegley and Wittkopf, American Foreign Policy, p. 144.

<sup>143</sup>Ibid., p. 145.

<sup>144</sup>Ibid., p. 145. See also John Spanier, Games Nations Play, 2nd ed. (New York: Praeger, 1975).

<sup>145</sup>Kegley and Wittkopf, American Foreign Policy, pp. 145-146.

<sup>146</sup>Ibid.; p. 146.

<sup>147</sup>C. Fred Bergsten, "The Threat from the Third World," Foreign Policy 11 (Summer 1973), pp. 102-124. See also idem, "The Threat is Real," Foreign Policy 14 (Spring 1974), pp. 84-90. Similar views were airedd in Congress. See, for example, National Security Policy and the Changing World Power Alignment. House Hearing before the Subcommittee on National Security Policy and Scientific Developments (Washington, DC: GPO, 1972).

<sup>148</sup>Ibid., "Threat from the Third World," pp. 102-124.

<sup>149</sup>See, for example, Gabriel Almond, The American People and Foreign Policy (New York: Praeger, 1960); Bernard C. Cohen, The Public's Impact on Foreign Policy (Boston: Little Brown, 1973); and Ralph B. Levering, The Public and American Foreign Policy (New York: Morrow, 1978).

<sup>150</sup>Alfred O. Hero, "American Public Reactions to Non-Military Foreign Aid", an undated paper (late 1960s) prepared for the Brookings Institution. Cited in Frank Ballance, "State of the Aid Mandate in the U.S. and Canada," a paper prepared for the Overseas Development Council (June 1984), p. 24.

<sup>151</sup>John E. Reilly, American Public Opinion and U.S. Foreign Policy (Chicago Council on Foreign Relations, 1979). Cited in Ballance, p. 20.

<sup>152</sup>American Institute of Public Opinion, Public Opinion News Service (March 1966). Cited in O'Leary, Politics of American Foreign Aid, p. 60.

<sup>153</sup>Paul A. Laudicina, World Poverty and Development: A Survey of American Opinion. Monograph 8, (Washington, D.C.: ODC, 1973). For a summary of this study see John W. Sewell and Charles Paolillo, "Public Opinion and Government policy," in The U.S. and the Developing World: Agenda for Action 1974, ed. James W. Howe (New York: Praeger, 1974), pp. 124-39.

<sup>154</sup>InterAction is the American Council for Voluntary International Action, a membership organization designed to "enhance the effectiveness and professional capacities of its members engaged in international humanitarian efforts."

<sup>155</sup>Christine E. Contee, What Americans Think: Views on Development and U.S.-Third World Relations, (Washington, DC: InterAction and the ODC, 1987).

<sup>156</sup>*Ibid.*, p. 24.

<sup>157</sup>See William Watts and Lloyd A. Free, "Nationalism, Not Isolationism," Foreign Policy 24 (Fall 1976): 3-21. In contrast to the "internationalists" who favored both hard-line contrast to the "internationalists" who favored both hard-line and accommodationist attitudes, "isolationists" continued to oppose American intervention overseas.

<sup>158</sup>Kegley and Wittkopf, American Foreign Policy, p. 275.

<sup>159</sup>Statement by Senator William Fulbright (D-AK), Foreign Economic Assistance Act, 1973, Hearings before the Senate Committee on Foreign Relations, 93rd Cong. 1st sess (Washington, DC: GPO, 1973), p. 1. Congressman Brademas may have reflected a similar view when he said that "both Congress and the Executive Branch perceive the American public, if not hostile to, certainly not enthusiastic for, foreign aid."

<sup>160</sup>See Norman J. Ornstein, "Interest Groups, Congress, and Foreign Policy" in American Foreign Policy in an Uncertain World, ed. David P. Forsythe (Lincoln: University of Nebraska Press, 1984), pp. 49-64.

<sup>161</sup>Ibid, p. 55.

<sup>162</sup>James D. Grant, "Analysis of the Congressional Foreign Aid Initiative," p. 14; Berg "1973 Legislative Reorientation," p. 167.

<sup>163</sup>CRS, "New Directions Mandate," p. 118.

<sup>164</sup>Grant interview, 16 October 1987; and James D. Grant, "Analysis of the Congressional Foreign Aid Initiative," p. 14.

<sup>165</sup>Grant interview, 16 October 1987.

<sup>166</sup>CRS, "New Directions Mandate," p. 118.

<sup>167</sup>Grant interview, 16 October 1987. Grant noted that Paolillo worked on the initiative full-time during the entire legislative process.

<sup>168</sup>Ibid. Grant noted that the ODC wrote the testimony of seven or eight different witnesses including that of Rockefeller and Dechant. In the interview of 3 November 1987, Marian Czarnecki noted that he was responsible for the testimony of Ms. Benson and other witnesses.

<sup>169</sup>Orville Freeman [testimony] in U.S. Congress. House Committee on Foreign Affairs, Mutual Development and Cooperation Act of 1973, Hearings, 93rd Cong, 1st sess on H.R. 7484, H.R. 8297; 12 June 1973 (Washington, DC: GPO, 1973), p. 421.

<sup>170</sup>Edward Mason [testimony], *ibid.*, p. 457. Mason also noted that the "most novel" aspect of the bill resembled certain proposals put forward by the Peterson Commission in 1970.

<sup>171</sup>Tony T. Dechant [testimony], *ibid.*, p. 465.

<sup>172</sup>These representatives included John Eckland, president, Agriculture Cooperative Development International; Wallace Campbell, International Housing Cooperative Program; D. Ali Felder, Cooperative League of the U.S.A.; James Walker, National Credit Union Association; and Leon Evans, National Rural Electric Cooperative Association.

<sup>173</sup>James P. Grant [testimony], *ibid.*, p. 473.

<sup>174</sup>CRS, "New Directions Mandate," p. 113.

<sup>175</sup>Edward Hood [letter], *ibid.*, Mutual Development and Cooperation Act of 1973, p. 495.

<sup>176</sup>Leonard Woodcock [letter], *ibid.*, p. 654.

<sup>177</sup>David Rockefeller [letter], *ibid.*, p. 496.

<sup>178</sup>Edgar Owens [statement], *ibid.*, p. 497.

<sup>179</sup>James MacCracken [testimony], *ibid.*, p. 517.

<sup>180</sup>MacCracken was accompanied by Bishop Swanstrom, executive director, Catholic Relief Services; Bernard Confer, executive secretary, Lutheran World Relief; Gottlieb Hammer, executive vice chairman, United Israel Appeal; Melvin Frarey, program director, Community Development Foundation; Leon Marion, executive director, American Council of Voluntary Agencies for Foreign Service; Teymuraz Bagration, executive secretary, Tolstoy Foundation; Gaynor Jacobson, executive director, United HIAS; and Samuel Haber, executive vice president, American Jewish Joint Distribution Committee.

<sup>181</sup>Lucy Benson Wilson [letter], *ibid.*, p. 647.

<sup>182</sup>William Paddock [testimony], *ibid.*, p. 370.

<sup>183</sup>See CRS, "New Directions Mandate," Part IV.

<sup>184</sup>*Ibid.*, p. 251.

<sup>185</sup>*Ibid.*, p. 326.

<sup>186</sup>Schoultz, pp. 371-72.





## RECENT BULLETINS

- 86-1 A. Erinc Yeldan, "A Computable General Equilibrium Model for Development Policy Analysis," March.
- 86-2 Terry Roe, Mathew Shane, De Huu Vo. "Import Elasticity with Government Intervention: A Time Series Cross Section Analysis of Seventy-Two Countries," April.
- 86-3 Tze-yi Yen and Terry L. Roe, "Determinants of Rural and Urban Household Demand: An Analysis of Dominican Household Consumption," August.
- 86-4 Lung-Fai Wong and Vernon W. Ruttan, "A Comparative Analysis of Agricultural Productivity Trends in Centrally Planned Countries," August.
- 86-5 Colin G. Thirtle and Vernon W. Ruttan, "The Role of Demand and Supply in the Generation and Diffusion of Technical Change." September.
- 86-6 Mark R. Rosenzweig, "Risk, Implicit Contracts and the Family in Rural Areas of Low-Income Countries." November.
- 86-7 Vernon W. Ruttan, "Cultural Endowments and Economic Development: What Can We Learn From Anthropology? December.
- 87-1 Rosenzweig, Mark R. and T. Paul Schultz, "Fertility and Investments in Human Capital: Estimates of the Consequences of Imperfect Fertility Control in Malaysia. February.
- 87-2 Ruttan, Vernon W., "Why Foreign Economic Assistance?" March.
- 87-3 Wong, Lung-Fai. "Agricultural Productivity in China and India: A Comparative Analysis." March.
- 87-4 Roe, Terry L. "Agricultural Policy in Developing Countries: The Transfer of Resources from Agriculture." April.
- 87-5 Rosenzweig, Mark R. "Labor Markets in Low Income Countries: Distortions, Mobility and Migration." April.
- 87-6 Lee, Lung-Fei and Mark M. Pitt. "Microeconomic Models of Rationing, Imperfect Markets and Non-negativity Constraints." May.
- 87-7 Yeldan, A. Erinc. "Structural Adjustment and Trade in Turkey: A General Equilibrium Analysis of the Export-Led Versus Domestic Demand-Led Strategies of Development." June.
- 87-8 Rosenzweig, Mark R. "Human Capital, Population Growth and Economic Development: Beyond Correlations." July.
- 87-9 Pitt, Mark M. and Mark R. Rosenzweig. "Estimating the Intra-family Incidence of Health: Child Illness and Gender Inequality in Indonesian Households." July.
- 87-10 Hagen, James M. and Vernon W. Ruttan. "Development Policy Under Eisenhower and Kennedy." November.
- 88-1 Roe, Terry and Erinc Yeldan. "An Open Economy Model of Political Influence and Competition Among Rent Seeking Groups." February.
- 88-2 Mahe, L. P. and C. Tavera. "Bilateral Harmonization of EC and U.S. Agricultural Policies." August.
- 88-3 Pitt, Mark M. "The Determinants of Rice Variety Choice in Indonesia." September.

