

Development Assistance: Policy, Theory and Practice

Fall 2013

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Course Objectives:

1. Understand basic theories of economic development. Ask why certain countries/areas have achieved economic success and others have failed. Understand how overall US Foreign Policy has shaped the practice of development assistance, and how this has changed since the 1950s
2. Understand the principal drivers of development assistance. How have these changed and how these have changed from the Marshall Plan to the present?
3. Assess why foreign assistance is important. Has it worked? How and when? Where has it failed? Is there a link between development assistance and economic growth?
4. Looking ahead: How will foreign assistance change in the next decade? What reforms are likely and desirable?

While we will examine foreign assistance in general, the focus of these lines of inquiry will be U.S. foreign assistance.

Requirements:

Students will be given a list of required readings, but are expected to supplement these with reading on their own. There are many websites that deal with these issues (World Bank, Center for Global Development, Center for Strategic and International Studies, Brookings Institution, IMF, USAID, etc). Students should also make it a practice to read from daily newspapers and weekly newsmagazines. *Students should purchase their own copy of Paul Collier's, The Bottom Billion, available on Amazon.com or any online bookseller.*

Attendance and participation – students are expected to attend all sessions and actively participate in class. (20%). In addition, students will be graded as follows:

1. Each student will be asked, by the second session of the class, to select a country that has been or is currently a target of development assistance, and throughout the course he/she will be able to relate this country's experience with topics under discussion each week. Students will be prepared to talk about their country's development prospects when called

- upon for topics 6, 6, 7 and 8 (Agriculture, Gender, Democracy and Health). (20%)
2. One role-playing exercise will be held in week 3 where students will debate the basic differences between major development theorists. Another role-playing exercise will take place at week 10 testing students' ability to analyze a hypothetical country situation and take the role of one of the many actors that take place in deciding where, what, and how foreign aid will be used. (25% combined for both)
 3. Final Paper: Students will prepare a final paper due on November 27 with your recommendations for reforming foreign assistance (25%). Select students will be asked to present their findings to the class for general discussion.
 4. Students will read one of two novels, V.S. Naipul's A Bend in the River or Chinua Achebe's Things Fall Apart and write a five page review describing the author's view of political development. Both of these are widely available in paperback. Due November 13. (10%)

I. Global Poverty, Trends, Realities (September 4)

What is the long-term history of world poverty? What has happened since the "era of financial aid" began in 1950? What are the trends in life expectancy, nutrition, literacy, and income from ordinary people in the world? Should we mind the gap between the rich and the poor? How are emerging economies addressing issues of poverty?

In this session we will examine the Millennium Development Goals, adopted by the UN General Assembly in 2000, which set ambitious goals for poverty alleviation by the year 2015. Now, three years away from the target date, what has been the progress?

Required Reading:

NOTE: Given that we expect that not all students will read these first week required readings, we will continue this discussion on November 11

- James Fox, "The Development Record"
- MDG Reading: Because it is a subjective concept, the definition of development varies widely. Nevertheless, in order to foster development, policymakers need specific targets. For example, the Millennium Development Goals provide a set of such targets. In September 2000, 189 nations adopted the UN Millennium Declaration, which specifies a set of eight Millennium Development Goals (MDG) that the assembled parties viewed as promoting development. Each MDG includes a number of targets and indicators. You can find them at

<http://unstats.un.org>, also see,
[http://www.un.org/millenniumgoals/pdf/\(2011E\)_MDReport2011_ProgressChart.pdf](http://www.un.org/millenniumgoals/pdf/(2011E)_MDReport2011_ProgressChart.pdf)

- NSC Paper, "What We Know About Development" (2009)
- Brookings Institution, "Eliminating Extreme Poverty, The Final Countdown (Policy Paper 2013-04). April 2013, pp. 1-15.

Recommended Reading:

- Easterlin, Richard, "The Worldwide Standard of Living since 1800," *Journal of Economic Perspectives*, Winter 2000, pp. 7-26.*
- Jones, C., 1997. "On the Evolution of the World Income Distribution," *Journal of Economic Perspectives*, 11:1, pp. 19-36.

II. History of Development Aid (September 11)

This session offers an overview of the motivations and trends in U.S. foreign aid since its inception, identifying the various shifts in purpose in response to foreign policy considerations, global politics, and economic conditions. We will also examine how the global development "ecosystem" has changed. Issues include:

- Why does the U.S. government use its taxpayers' money to help people in other countries?
- How did the Marshall Plan influence future US aid planning and implementation?
- How did the Cold War promote aid flows?
- How did the fall of Communism affect US aid?
- Where does aid fit into reconstruction and post conflict situations?
- Have private charity flows and remittances made official foreign aid unnecessary?
- How has the architecture of development cooperation changed?

Required Readings

- Fox, James, "USAID's Theories of Development"
- Nowells, Larry. "Foreign Policy Budget Trends: A Thirty-Year Review", Congressional Research Service, 2006, pp. 1-19; 23-25.

- Noam Unger, "Global Development 2.0", Brookings Institution, March 2009, 2 pages.
- National Intelligence Council, "The 2025 Global Landscape", November 2008 (at least the 2 page chart).

III. The Current Debate over Foreign Assistance: Sachs and the "big push", the "Easterly Critique", and the Collier response. (September 18)

Professor Jeff Sachs of Columbia University has proposed an ambitious program for speeding economic growth in the poorest countries – most of which are in Africa – by a doubling of foreign aid. What is Sachs plan, and will it work?

William Easterly argues that Sachs is wrong and that most donors waste taxpayer's money. In his view, more aid would mean more corruption and less real development. Prof. Easterly, formerly at the World Bank, and now at NYU and the Center for Global Development, is the most articulate critic of the Sachs view of the potential for donors helping speed growth in Africa, and in general for the effectiveness of the World Bank and other donors in reducing poverty. Paul Collier begs to differ with both, taking a more pragmatic, evidence-based approach.

Required Readings:

- Jeff Sachs: "Economic Possibilities for our Time," Panglayhkim Memorial Lecture, September 8, 2005
- Jeff Sachs: "The Role of Foreign Aid", Sachs interviewed in *World Economics*, Vol. 6, No. 4, Dec. 2005
- William Easterly, "Searchers vs. Planners," Distinguished Lecture to the Asian Development Bank, January 2006
- Paul Collier, *The Bottom Billion*, Chapters 1 and 11.

In addition to the readings, students will be given links to short videos by William Easterly, Jeffrey Sachs, Paul Collier, and Dambisa Moyo to watch before class.

Students will be divided into groups prior to this session, each to advocate for the position of one of the theorists. See Blackboard for specific guidance on group assignment for this week's class.

IV. Global Issues I: Foreign Assistance and Post-Conflict Reconstruction (September 25)

Since 9/11, the strategic focus of foreign assistance has changed dramatically. The President's National Security Strategy (2006) asserted

that combined application of defense, diplomacy and development would promote US security, global prosperity and the spread of democracy. That link was forged even tighter with President Obama's 2010 National Security Strategy. While most experts agree that development is an important tool of US foreign policy, critics express deep concern at the blurring lines between US defense policy and development programs. At one time, DOD accounted for 22% of the US foreign assistance budget, and initiatives such as the new Africa Command (AFRICOM) raise concerns that development aid programs are increasingly viewed by US policy makers as instruments of counter-terrorism and intelligence gathering to the detriment of poverty-led growth. However, with an increasing donor focus on new strategies for foreign assistance in post-conflict situations, the importance of security to economic rebuilding and recovery in such countries has grown.

Required Reading:

- USAID, Bureau for Economic Growth, Agriculture and Trade, "A Guide to Economic Growth in Post-Conflict Countries", January 2009, Executive Summary, pp. 1-6.
- World Bank, World Development Report 2011: Conflict, Security and Development (Summary pp. 1-3). (You can download the longer overview at http://wdr2011.worldbank.org/sites/default/files/WDR2011_Overview.pdf)
- DOD Perspectives on Development (Excerpt from DOD 3000-5)
- Paul Collier, The Bottom Billion, chapter 2.
- "Principles for Good International Engagement in Fragile States and Situations", OECD, April 2007.
- Failed States Index (Interactive map and chart). http://www.foreignpolicy.com/articles/2011/06/17/2011_failed_states_index_interactive_map_and_rankings
- Frederick M. Burkle, Jr. - Lessons from Haiti: Professionalizing Humanitarian Assistance. Video at: http://www.youtube.com/watch?v=JNquhile_MU&feature=relmfu

Recommended Readings:

- Stewart Patrick and Kaysie Brown, "The Pentagon and Global Development: Making Sense of the DOD's Expanding Role", Center for Global Development Working Paper 131, November 2007. (15 pages).

- On the Brink, Report of the Commission on Weak States and US National Security, Center for Global Development, pp. 1-5.

Global Issues II: Role of Agriculture in Developing Countries (October 2)

Agriculture is still the economic base for much of the developing world. One of the greatest successes in the area of international assistance to development was the Green Revolution. Hundreds of millions of people are engaged in smallholder farming and livestock. 75% of the world's poor are rural farmers. Most experts believe that unlocking agriculture's full potential is a key to reducing poverty. But we've also known that for a long time. What are the obstacles to achieving this?

We will be joined by a guest speaker.

Required Reading

- World Bank, *World Development Report 2008: Agriculture for Development*, July 2007, Draft Report: Overview, pp.1-25.
- Melissa Ho and Charles Hanrahan, "The Obama Administration's Feed the Future Initiative", Congressional Research Service, January 10, 2011, pp. 2-12, 15-21.
<http://www.fas.org/sqp/crs/misc/R41612.pdf>
- USAID Blog Feed the Future:
http://esdb.eads.usaidallnet.gov/analysis/food_security.html
- Feed the Future Blog Posts, Center for Global Development:
http://blogs.cgdev.org/mca-monitor/2011/05/tracking-progress-and-planning-for-the-future-of-feed-the-future.php?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+cgdev%2Fmca-monitor+%28Rethinking+U.S.+Foreign+Assistance+Blog%29
<http://blogs.cgdev.org/mca-monitor/2010/05/the-feed-the-future-initiative-a-new-way-for-u-s-development-but-reflections-of-the-past.php>
<http://blogs.cgdev.org/mca-monitor/2010/04/is-feed-the-future-the-future-of-foreign-aid.php>
<http://blogs.cgdev.org/mca-monitor/2010/05/food-for-thought-new-guide-to-u-s-food-security-initiative-outlines-detailed-thoughtful-approach.php>

V. Global Issues III: Gender and Poverty Alleviation (October 9)

Poverty alleviation has been a major objective of U.S. foreign assistance since its earliest days. The Alliance for Progress, introduced in 1961, had a major objective the alleviation of extreme poverty in the Western Hemisphere, and the Foreign Assistance Act of 1961 which established the Agency for International Development (USAID) from its beginnings targeted the “poorest of the poor.” Probably more has been written about how one goes about this than any other subject in development history. “Import substitution”, “lowered trade barriers”, “structural adjustment”, “conditional cash transfer” – all of these terms have been used, over time, to suggest ways to exacerbate poverty in the world.

More recently, the role of gender in the poverty equation has been the subject of increased scrutiny, and there is near universal acceptance of the view that women and girls play an extremely important role in developing societies – from health care to education to agricultural production, women are frequently the mainstays of not only the family economy, but regional and national economies. Yet, in most of the developing world women are still second class citizens, treated as chattel in many regions and discriminated against in others in terms of educational opportunities, income, and participation in society.

Development agencies and NGOs have risen to the challenge of creating systems where gender equality is the norm. The U.S. has been vigorous in pushing for recognition of gender roles in all of its programming, and ensuring that gender equality is built into program design.

Come to class prepared to discuss your country’s gender policy and how successfully gender considerations are included in its development strategy. Give examples (positive and/or negative).

- Geoffrey Gertz and Laurence Chandy, Brookings Institution, “Two Trends in Global Poverty, Brookings Institution, May 2011, (4 pages),
- Laurence Chandy and Geoffrey Gertz, “Poverty in Numbers: The Changing State of Global Poverty from 2005 to 2015.” Brookings Institution Policy Brief, January 2011, pp. 3-15.

- Carla Koppell and Caren Grown, "Gender Equality and Women's Empowerment: Central to the New Development Enterprise", USAID Frontiers in Development, pp. 214-219.
- <http://www.youtube.com/watch?v=emWgaR2OL7I> (Nicholas Kristof talks about women and resilience in humanitarian situations).
- <http://www.usaid.gov/node/2971> (USAID video on women's roles in agriculture)

VI. Global Issues IV: Foreign Assistance and Democracy (October 16)

The Bush Administration has argued that market economies and democratic politics are best in all places at all times. Some critics strongly object, and suggest that some minimum level of economic growth is a pre-condition to the possibility of real democracy. They argue that without an expansion of wealth, there is no incentive to spread a fixed amount of capital. There are arguments on both sides of this – the examples of China and Russia show great increases in national wealth, with little in the way of democratization. Indeed, countries of the Former Soviet Union have been reluctant to widen the scope of democracy, keeping power and decision making in the hands of a trusted few

Be prepared to discuss your country's Freedom House ranking and how governance influences the country's development prospects.

Required Readings:

- Fareed Zakaria, "The Rise of Illiberal Democracy", *Democracy, Foreign Affairs Reader* New York, Council on Foreign Relations, 1998
- Larry Diamond, "Democracy in Retreat", Real Clear Politics, March 2008.
- Foreign Aid in the National Interest, Chapter 1.
- UNDP, 2011 Arab Development Challenges Report, Overview, pp. 1-14; 107-110.

Recommended Readings

Natan Sharansky, *The Case for Democracy*

Fareed Zakaria, *The Future of American Power, How American Can Survive the Rise of the Rest*

VII. Global Issues V: Role of Foreign Assistance in International Public Health (October 23)

International public health issues dominate much of the news ranging from transmissible diseases that leap from continent to continent on airlines to the tragedy of HIV/AIDS that threatens the whole economic and social fabric of nations, and indeed continents. While there have been dramatic breakthroughs in public health -- witness polio and smallpox eradication -- millions still die of preventable and treatable diseases and conditions such as malaria, infant diarrhea, and starvation.

In recent years, the definition of public health has been expanded and much attention has been given to issues of health in the context of both national emergencies (natural disasters) and active conflict and post conflict. Iraq, Afghanistan and Haiti have served as powerful case studies in this major new field.

As a result, increased attention is now being given to internally displaced persons (IDPs) and refugees from disaster/conflict, in efforts to have an impact on high morbidity and mortality rates associated with "after disaster" situations.

For this class you will be asked to prepare to discuss a major health issue that is endemic to the country you are studying. Much is available on the internet -- you might begin by going to the Center for Global Development website which has a whole area dedicated to public health issues in developing countries. Other websites include the World Health Organization, UNESCO, Pan American Health Organizations and others.

Please bring to class a one page synopsis of your findings and be prepared to discuss.

Note: We will distribute at this session a case study of a hypothetical situation where all of these various players want to have a voice in the development aid to a small nation in crisis. In the following session, on November 9, class participants will take on roles of these and perhaps other groups.

Required viewing:

- Good video on after earthquake chaos in Haiti, to watch before class: http://www.youtube.com/watch?v=qiZ3aH3H1_A&feature=related

- Burkle-Haiti video from topic 5.
http://www.youtube.com/watch?v=JNquhile_MU

VIII. (October 30) Asia and Latin America: Two Growth Models and Experience

After 1945 Japan first and later South Korea, Taiwan, Singapore and Hong Kong began to grow their economies at rates that were historically unprecedented. Subsequently, Thailand Malaysia and Indonesia followed in their wake. Since the late 1980's, China India and Vietnam have followed, with economic growth rates that appear to likely eliminate extreme poverty in one or two generations. Why?

Latin America's growth has been much more sporadic. Political upheaval has plagued the area for most of the period since independence, some of from internal political reasons and some of it because the "special relationship" with the United States as defined by the Monroe Doctrine has led to repeated US interventions in the area. New models of growth have emerged in the 21st century and a number of countries in the hemisphere are now experiencing continued double digit growth and rapid growth of the middle class – while others, particularly countries of the Caribbean Basin, remain mired in economic stagnation and pervasive poverty.

We will examine the relationship between democracy and economic growth in these two geographic areas. Students who have chosen either a Latin American or Asian country for their semester project should be prepared to enter into this discussion.

Required Reading:

Congressional Research Service, "Latin America and the Caribbean: Issues for the 113th Congress"

<http://www.fas.org/sgp/crs/row/R42956.pdf>

- World Bank Policy Research Bulletin (1993). "The Making of the East Asian Miracle." August-October 1993, Vol. 4, No. 4
- M.G. Quibria, 2002. "Growth and Poverty: Lessons from the East Asian Miracle Revisited," ADB Institute, Research Paper No. 33, Asian Development Bank, Manila.

- Asian Development Bank: "Asia 2050: Realizing the Asian Century", Executive Summary and Conclusion only (pp. 1-10). Manila: ADB, 2011.

Recommended Reading:

- Indermit Gill, Homi Kharas, "Overview: An East Asian Renaissance, Ideas for Economic Growth" (pp. 1-39).

Note: We will assign roles for next week's case study at the end of this session.

**IX .The Players, a Role Playing Case Study: Burma.
(November 6)**

**X. Africa: Emerging Continent or Condemned to Poverty?
(November 13)**

The 49 countries of Sub-Saharan Africa collectively receive more foreign assistance than any other region of the world (excluding Iraq and Afghanistan). The region has been highly aid dependent since the Independence movement began in 1957. Following the end of the Cold War, and particularly after 1995, Sub-Saharan African countries have adopted sweeping changes in political and economic systems that have placed most countries on the path to democratically elected governments and put in place the rudiments of market-based economies. Progress has been slow; until recently, Africa was home to more internal wars and displaced persons than any region in the world. Its share of world trade and foreign investment is but a fraction of global capital and trade movements. Where the continent has excelled are in those categories of dubious distinction--- highest HIV/AIDS rates in the world; highest incidence and mortality rate from malaria; lowest literacy (especially among women), largest number of people living under \$1 per day; and, highest levels of perceived corruption in government. Yet, since 2001, dramatic changes are in evidence on the continent. Donor aid has more than doubled, debt relief has cancelled over half the continent's official debt, more wars have been settled than started, and African economies are enjoying unprecedented, sustained economic growth of 5% for the first time in history, built in part on record high commodity prices.

What do these trends, if they hold, portend for Africa's future? How are growth and aid donor strategies changing? Is Africa the new "emerging market" for investors and traders? Is Africa's relatively successful weathering of and recovery from the 2008 financial crisis an ephemeral achievement or does it represent the promise of sustained growth and poverty reduction?

Required Reading:

- Steve Radelet, "Emerging Africa: How 17 Countries are Leading the Way", Introduction, pp. 1-4, CGD Brief September 2010.
- Kenneth Ruffing, "Africa in 2008: Breaking Down the Growth", OECD Development Center, Policy Insights No. 64, April 2008 (2 pages)
- Richard Bernstein and Jose Rasco, "Africa, the Final Frontier", Merrill Lynch Investment Strategy/Global, 21 July 2007, pp. 1-17 only.
- World Bank, "Accelerating Development Outcomes in Africa: Progress and Change in the African Action Plan", April 6, 2007 (pp. i-iv only) (students welcome to skim the rest).
- Dambisa Moyo, "Why Foreign Aid is Hurting Africa", Wall Street Journal, March 21, 2009.
- Francis Fukuyama, "Out of Africa", May 4, 2009 (unpublished paper)

XII The Middle East: "The Arab Spring and Youth Participation in the Body Politic: How Does This Track with Youth Movements in other parts of the World?" (November 20)

Guest Speaker

Required Reading: To be posted on Blackboard.

XIII. The future of foreign aid: Can it be reformed? How should its role as an instrument of foreign policy be defined? (December 4)

The past three years has witnessed considerable effort by think tanks, legislators and international aid agencies to rethink the structure and purpose of concessional aid for the 21st century. In the US, foreign aid reform has been enveloped by larger interests in reforming the national security architecture and restructure how the US makes and implements foreign policy. For the countries that comprise the Development Assistance Committee of the OECD, aid effectiveness, more effective partnerships and accountability, and policy convergence (e.g., achieving consistency between trade, investment and foreign aid programs) have become major themes as all have come to understand that the role of foreign assistance in addressing poverty and promoting growth is

changing role in an expanding, globalized economy. For example, the role of foreign aid as a catalyst for private investment is providing new strategic direction for bilateral and multilateral programs. And the entry of new countries to the “aid givers” club (China and India, for example) has changed the landscape of how aid is provided. All of this debate, research and analysis culminated on September 22, 2010, when the United States unveiled its first comprehensive statement of a policy governing its global development activities.

This session examines some of the current issues driving new ideas about how foreign assistance can be reformed to support its role in the foreign policy relationship between donor and recipient.

Required Reading and Viewing:

- US Global Development Policy Fact Sheet, September 22, 2010
- Third High Level Forum on Aid Effectiveness, “Accra Agenda for Action”, Communiqué, Sept. 4, 2008. (7 pages).
- MOBILISING PRIVATE INVESTMENT FOR DEVELOPMENT, THE DAC JOURNAL 2005, VOL. 6 No 2 - ISSN: 15633152 - © OECD 2005.
- Dambisa Moyo, “How to Incentivize African governments and end aid dependence” (video), <http://www.youtube.com/watch?v=G7Kct3yWggs>
- Dambisa Moyo, “Dambisa Moyo talks about Dead Aid”, <http://www.youtube.com/watch?v=BHKa4qiIegM&feature=channel>
- Quadrennial Diplomacy and Development Review (QDDR); Video and Executive Summary. <http://www.usaid.gov/qddr/>

Recommended Readings

- “U.S. Foreign Assistance: Advancing National Security, Interests and Values”, Testimony by Lael Brainard, Brookings Institution for the House Committee on Foreign Affairs, April 23, 2008.
- “Effective Aid Management: Twelve Lessons from DAC Peer Reviews”, Development Assistance Committee, OECD, Paris, October 2007. 11 pages.
- Weighing an Ambitious QDDR, Council on Foreign Relations, Interview, December 2010. (<http://www.cfr.org/us-strategy-and-politics/weighing-ambitious-qddr/p23653>).

XIV. Career Roundtable (December 11)