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### TransAfrica Forum Issue Brief

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### DEVELOPING AFRICA: THE SHRINKING U.S. SHARE

*In recent years, overall U.S. foreign assistance has declined steadily as a percentage of the U.S. gross national product (GNP). The precipitous reduction in official development assistance (ODA) is generally attributed to several factors: deteriorating domestic and global economic conditions; the rise of fiscal conservatism in the U.S.; a retreat by the American public from foreign involvements; and a significant political indifference on the part of influential senior levels of government. Following years of generous giving to the "have-nots" of the world, the U.S. has slipped to the lower rungs of the ladder among Western aid-donor nations. Critics of America's foreign aid program have marshalled an impressive arsenal of arguments for further circumscribing the Agency for International Development (USAID), America's vehicle for bilateral assistance. Reagan administration policy planners have mounted a sustained drive to inhibit the role of the World Bank by limiting the amounts of replenishments to Bank affiliates such as the International Development Association (IDA). Moreover, the administration and the Congress have joined to slash assistance levels to multinational agencies such as the African Development Bank Fund. As always, Africa remains low continent on the totem pole in the annual U.S. foreign aid allocations. Why this continues to be so is the subject recently explored in the following interview TransAfrica Forum's Executive Director, Randall Robinson conducted with Howard Wolpe (D.-Mich.), Chairman of the House International Relations Sub-committee on Africa. □*

**The U.S. has now slipped into thirteenth place in the world in terms of foreign assistance as a percentage of the Gross National Product (GNP). What will be the cost of this decline both for the poor countries of the world and for U.S. interests abroad?**

**WOLPE:** It's extremely unfortunate that U.S. assistance as a percentage of the GNP is falling precisely at a time when the needs of most developing states, particularly those of Africa, are facing some of their most difficult economic and political problems. These cuts in American assistance are coming at the very moment in which American interests are much more extensive in Third World countries and in which we have a much greater dependence upon Third World cooperation in international forums and in the economic sphere.

The costs of the United States failure to participate adequately in the effort to provide assistance to African states and to the Third World generally are, in my view, extensive. First, throughout much of the Third World, particularly in Africa, the source of civil strife, political instability, and military coups can be traced directly to the social inequities which result from slow economic growth and from poor economic performance. I think two recent examples of coups in Liberia and Ghana illustrate that phenomenon. In both of those countries, deteriorating economic conditions combined with corruption led to the fall of those governments. Economic assistance—if directed properly and given in reasonable amounts—can really help provide the conditions for economic take-off and for greater political stability.

Second, there's an additional cost to America. As the richest nation in the world, our own credibility is severely



Staff Photo

*Congressman Howard Wolpe (D.-Mich.)*

**THE SUPREME IRONY IS THAT THIS PRESENT ADMINISTRATION SEES ITSELF AS UNIQUELY HARDHEADED AND UNIQUELY ORIENTED TOWARD STRATEGIC CALCULATIONS IN THE FORMULATION OF ITS FOREIGN ASSISTANCE PROGRAM. . . . THE END RESULT [OF ITS POLICIES] IS FREQUENTLY LESS STABILITY RATHER THAN MORE STABILITY AND LESS SECURITY RATHER THAN MORE SECURITY.**

ly damaged if we do not participate in a manner that's commensurate with our resources in the effort to provide adequate amounts of assistance. It's not just a question of prestige; it's also a question of direct, inter-

dependent economic interests. If Third World states do not begin to perform more effectively within an economic arena, then our own ability to expand our export markets will be severely hampered. We have our own self-interest in sharing economic growth and development of the Third World. As part of the same point, our own dependence upon critical minerals and upon petroleum from Third World states means that we have to be concerned with conditions of civil unrest within these states that can lead to an interruption of our access to critical supplies. So, our own self-interest is directly tied up in the success of Third World economic development initiatives.

**Since the end of World War II, U.S. foreign assistance has declined precipitously at the same time that the percentage of military assistance has grown. How do you explain a policy that decreases development spending while increasing military spending?**

WOLPE: I think it's based on an abysmal lack of understanding of the politics, the internal dynamics, of developing nations. The supreme irony is that this present administration sees itself as uniquely hardheaded and uniquely oriented toward strategic calculations in the formulation of its foreign assistance program. The real irony is that when they define the political stability within developing states as being determined primarily by the levels of military support that flows to current regimes, they are intentionally taking an initiative that is directly counterproductive to their own goal of enhancing the stability of these states because military assistance that flows to these governments frequently requires an increase in the debt burden that these states carry. It represents an enormous diversion of resources within these countries from the economic, social and political problems they face at home into the military sphere. So, the end product is frequently less stability rather than more stability and less security rather than more security. America's own interests are compromised together with those of the states that are recipients of our increased military assistance.

**How would you characterize the Reagan administration's approach to the linkage between the U.S. strategic objectives and foreign assistance?**

WOLPE: First the administration has given a higher priority to providing military and security-related assistance rather than economic aid to African states. In the

past two years, the administration's requests for foreign military sales credits have climbed by over 300 percent. In that same period, the level of security-related assistance (ESF) has climbed by 200 percent. This is in the wake of declines in development aid and Africa's mounting economic problems.

Second, American assistance is being concentrated in areas where the U.S. is perceived to have strategic interests, not necessarily in the poorest and neediest regions of the continent. Thus, Sudan is being given over \$200 million in assistance, nearly one-fifth of all of Africa's aid because of its support of our Middle East policy. Kenya and Somalia are receiving large aid packages because they signed facilities agreements with us two years ago and now allow American naval ships to use their ports. We are also stepping up our aid levels and introducing new military and security-related assistance programs to a host of moderate African states that tend to follow our western leads in international organizations.

Meanwhile, the poor get poorer. States which are perceived to be Soviet stooges are eliminated from our program or get cutbacks. The administration refuses, for example, to aid Mozambique or to send an American Ambassador to that country. Our aid program in Ethiopia remains closed, and we have no Ambassador. Of course, we continue not to have formal diplomatic ties with Angola.

**How should U.S. policy toward foreign assistance be changed?**

WOLPE: We should increase economic assistance to Africa to encourage greater development efforts by African governments themselves. We have an economic interest in increased trade and a political interest in increased political stability arising from more economic progress in Africa.

In addition to the North-South perspective, we should avoid injecting an East-West perspective by granting aid to countries like Mozambique and Angola because our interest lies in their improved relations with the U.S.

Human rights considerations should be important as we relate not just to a government but to its people, and the latter is in the long-term interests of the United States. Thus, we should limit military aid to Zaire and refuse to aid segregated educational and other institutions in South Africa.

To the extent we feel we need to give balance of payments or budgetary aid, rather than specific development aid, we should seek to concentrate the former assistance on regions and sectors vital for development, e.g. spare parts imports for agricultural cooperatives in the rural areas rather than a high technology factory making clothes for the elite.

In economic aid, we should focus more on aid to indigenous local development organizations like cooperatives, housing agencies, artisans, and village organizations in order to spur self-sustaining development progress.

Finally, we must decrease proposed levels of military aid, as we have done by well over \$100 million in our Subcommittee. Africa, by and large, does not face major external threats, and where it does (e.g. southern Africa) our diplomacy, is by far, the most important contribution we can make to regional peace. □

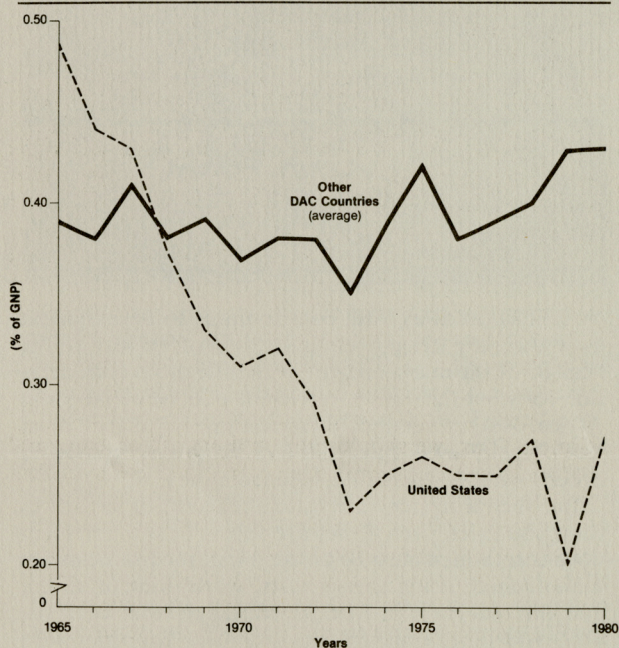
**THE GLOBAL PERSPECTIVE:  
HOW DOES U.S. FOREIGN AID MEASURE UP?**

The United States has always taken pride in telling the world that it is the best—"Number 1"—in countless fields. It was the first nation to land men on the moon. Until recently, it was unquestionably number one in military weapon superiority. And yet, as a donor of economic aid to developing countries, it has now fallen to *thirteenth place*. Although the United States has the largest aid program in terms of absolute dollar amounts, it has dropped nearly to the bottom of the list of aid-donor countries on the basis of assistance as a percentage of GNP. According to AID's *Congressional Presentation: FY 1983*, the U.S., which donates .27 percent of GNP, now ranks below:

- the Netherlands (.99%)    • Australia (.48%)
- Norway (.82%)         • Germany (.43%)
- Sweden (.76%)         • Canada (.42%)
- Denmark (.72%)       • United Kingdom (.34%)
- France (.62%)         • Japan (.32%)
- Belgium (.49%)        • New Zealand (.32%)

Of the Western aid-donor countries, only Switzerland, Austria, Finland, and Italy contribute less than the United States.

**Table 1. U.S. ODA IN COMPARISON WITH ALL OTHER DAC COUNTRIES, 1965-1980**  
(as percentage of GNP)



Source: Overseas Development Council, *U.S. Foreign Policy and the Third World, Agenda 1982*, p. 244.

As Table 1 illustrates, while official development aid from other advanced nations has been rising in real terms over the last fifteen years, U.S. aid has not been keeping up with inflation. It is ironic that according to the Overseas Development Council citizens of the U.S. spent one billion more on being groomed and more than six times as much on alcohol consumption than the U.S. spent on overseas development assistance in 1980. If the U.S. continues to ignore its interdependency, it may prove to be disastrous not only for the developing world but also for U.S. political and economic interests. □

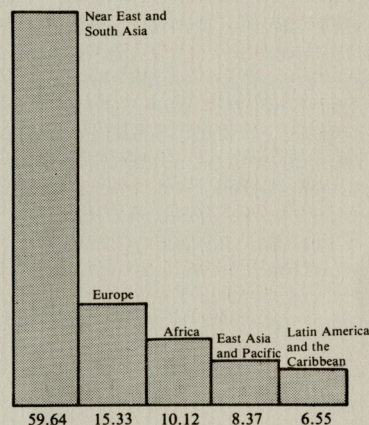
**THE GLOBAL PERSPECTIVE:  
WHAT IS THE U.S. GIVING TO AFRICA?**

Of the twenty-five poorest countries in the world, eighteen are in Sub-Saharan Africa. Over the last decade, the economic performance in these countries has seriously declined. Food production has declined by fifteen percent. Average annual growth in per capita GNP is projected between one percent and negative one-tenth of a percent between 1980 and 1990.

Nevertheless, the urgency of this situation is *not* reflected in the level of direct foreign assistance which the United States is providing developing countries in Africa.

Rather than increasing aid to meet the tremendous needs of these countries, development assistance to Africa will fall from \$327.5 million in FY 1982 to \$323.4 million in FY 1983 despite the critical situation that is developing throughout the continent. PL-480 food aid to Africa has dropped about fifty percent since 1980.

**Table 2. TOTAL ECONOMIC AND MILITARY ASSISTANCE**  
**Fiscal Year 1983**



Source: U.S. State Department, Foreign Assistance; Congressional Presentation, FY 1983.

In a letter to the Congress, Secretary of State Alexander Haig promised, "support for the development efforts of nations important to the U.S. and Western interests." Helping to meet Africa's most basic development needs, therefore, must *not* be important to this administration.

The low priority accorded to Africa is most starkly reflected in a comparison of the distribution of foreign assistance dollars. Africa receives substantially fewer dollars than do other less needy regions of the world. Europe receives a greater share of total economic and military assistance dollars than does Africa. While the Near East and South Asia region receives nearly sixty percent of these funds, Africa receives a little more than ten percent (See Table 2). As Congressman Lee Hamilton has argued, the U.S. has turned the foreign assistance program into a mechanism for helping two countries—Egypt and Israel. In this context, Africa's pressing needs remain unmet.

It is obvious that changes in the distribution of foreign assistance are sorely needed. This country needs to re-think its priorities. And it needs to do so immediately. □

*"Unfortunately, . . . Ronald Reagan came along with his knife out for the World Bank and other international development banks. [World Bank President] Clausen is trying to adjust to the needs of the new era, but the administration is doing everything it can to undermine him."*

Henry S. Reuss (Dem.-Wis.), Chairman  
Joint Economic Committee of Congress

The Reagan administration's policy toward foreign aid is clear. They propose: less public aid, more reliance on the private sector, a focus on security concerns, and a preference for bilateral aid over multilateral aid. This last concern has resulted in major change in U.S. policy toward the World Bank and other multilateral development banks. They have, as John Sewell, President of the Overseas Development Council said, "ambushed [World Bank President] Clausen in the pass."

The Reagan administration has had a negative attitude toward multilateral assistance from the beginning. The Republican platform opposes it: the conservative wing of the party equates it with "one-worldism" and a loss of control over how U.S. tax dollars are spent. Reagan himself argued against it during his campaign.

After the election, OMB Director David Stockman's now famous "black book cuts" also entailed substantial cuts in multilateral assistance. OMB took the position that replenishments agreed to by previous U.S. administrations should be renegotiated and that U.S. contributions to the World Bank should be reduced. In practice, this would mean that the overall replenishments would be sharply reduced because the U.S. would try to keep up its percentage share—and thereby its percentage of the vote—by prevailing upon other donors to reduce their contributions as well.

Consequently, the U.S. Treasury Department negotiated with the Bank to stretch out the U.S. contribution to the sixth replenishment of the International Development Association (IDA), the World Bank's soft loan window, cutting \$400 million this year from its contribution. Though committed to provide \$1.08 billion, the U.S. has provided just \$700 million.

The administration, accusing multilateral institutions of "financing socialism" in an interview given by Undersecretary of Treasury Beryl Sprinkel, announced that Treasury would undertake a major study of the U.S. role in the banks. The report, *United States Participation in Multilateral Development Banks in the 1980's*, issued in February 1982, recommended that:

- the bank slow and eventually stop expansion of its lending,
- the bank move aggressively to "graduate" countries from bank financing to private lending, and
- the U.S. impose severe limits on its future contributions to the IDA.

The implication of these recommendations is that the Reagan administration's policy will have its most devastating impact on the "poorest of the poor." These countries have come to depend upon the highly concessional interest rates provided them through the IDA's "soft loan windows" to finance necessary projects in areas such as road and power plant construction and to meet the most basic human needs of their populations.

The Reagan administration's cuts, however, will mean that far fewer of these loans will be made. The administration negotiated a U.S. share of \$150 million in the replenishment of the African Development Fund, a reduction from 16.5 to 14.2 percent. This soft loan window, concentrating heavily on agriculture, serves the very poorest countries in Africa.

Both current World Bank President Clausen and former President McNamara have been extremely critical of the administration's policies. "We must provide additional resources for countries where the need is greatest," says Clausen. The IDA is "not the Robin Hood of the international financial set, nor the United Way of the development community," he adds.

Mr. McNamara gives the Reagan administration "very low marks" for its policy toward assistance to low income countries. "We're leading to the rear," he argues, "at a time when the U.S. should be giving strong positive direction to international assistance efforts." The decision to cut, rather than to increase, contributions to multilateral institutions is "contrary to U.S. national interests."



Courtesy of Africare

As it takes away vital contributions to development assistance, the Reagan administration offers instead the "magic of the market place" with little or no consideration for what that may mean to the poorest countries in Africa. Reagan reminds these countries that they must "put [their] own financial and economic houses in order" without substantial help from the U.S.

But such a strategy has little likelihood of success in these countries, even if they are able to bear the tremendous costs which must be borne. First, the problems are monumental: rising energy costs, world-wide inflation, and the reduction in foreign assistance from both the U.S. and other quarters has left these countries with staggering debt burdens which these nations cannot reasonably be expected to pay back within one or two generations. Second, it is highly improbable that foreign investment will take up the slack. These countries are not the most attractive for multinational investment. As McNamara reminded the administration, "I don't have \$1 of my private funds invested in Bangladesh"—or in Upper Volta or Mali for that matter. Third, as the external financing needs of these countries grow, they face economic collapse, increasing poverty, unrest, and massive migrations. The Reagan administration will have to re-think its policies or suffer the unfortunate consequences directly attributable to severe global economic upheaval. □



C. Payne Lucas

Courtesy of Africare

When you mention "development in Africa" to most Americans, one person comes easily to mind: C. Payne Lucas, the Executive Director of Africare, a private voluntary organization (PVO) based in Washington and working throughout Africa.

Born in the tiny town of Springs Hope, North Carolina in 1933, C. Payne Lucas had no idea that he would grow up to form a lifelong commitment to the African continent. Following his graduation from the University of Maryland (Eastern Shore), post-graduate study at American University, and service in the Air Force, Lucas, after a short stint at the Defense Department, took a position with the then newly-formed Peace Corps, under Sargeant Shriver, in 1962. His hunger to explore the world was fulfilled when he was sent to the small West African nation of Togo to help run that country's Peace Corps program. "First," he recalls, "I had to find Togo on the map. I went with all these reservations, thinking of . . . the heat and the 'primitive' people. When I got there, my first assessment was . . . we really have been hoodwinked. . . . The people are divine, the culture's wonderful, and I love the food!"

Five years of successful work with the Peace Corps, mostly in Africa, earned Lucas the coveted "President of the United States Award for Distinguished Federal Civilian Service" in 1967 and a commendation from President Johnson labeling him a "modern pioneer." In 1971, as a result of a close relationship with Niger's then-President Hamani Diori, Lucas was urged to take over a faltering private medical relief effort based in Niger's capital, Niamey. "Even though I loved [Diori] dearly," Lucas recounts, "I couldn't visualize leaving a GS-18 job and taking on a non-profit organization that didn't have a quarter." But, he did just that and has been the mainstay of Africare for ten years.

Africare is unique in the international PVO community in that its individual contributions come chiefly from black Americans. Lucas sees this black community effort as important in dispelling the widely-held notion that blacks do not give financial assistance to "their" institutions. Today, he notes, "sixty-five percent of our individual donors are black—and that's really impressive." This kind of grassroots support, along with foundation, corporate, and U.S. government contribu-

tors, has moved Africare into the forefront of America's economic assistance to Africa. With a 1982-1983 budget in excess of \$6 million, over thirty Africare projects are now in operation across Africa, supervised by six Africare field offices.

While currently focusing on problems relating to water, food, health, emergency refugee assistance, and rural development, Africare in the near future also plans to embark upon economic joint ventures with American and African commercial interests. The soaring price tag of development in rural Africa (a well that cost \$5,000 in 1972 now has a \$20,000 price tag), has led Lucas and Africare to re-evaluate the basic requirements heretofore considered essential to the development process.

Having felt in tune with USAID's "basic human needs strategy" that evolved in the mid-1970's, Lucas now shares a critical perception with other development analysts in suggesting that "It's not worth much to increase the productivity of a farmer [who] does not have the rural road to get his produce to market. There are simply some major infrastructural problems in Africa . . . that have to be addressed at the same time as . . . basic human needs." One way to approach this issue, Lucas argues, is to extend U.S. bilateral support to infrastructural projects while at the same time increasing U.S. funding to the multilateral development and lending institutions. While pleased that the Congress has mandated sixteen percent of all official development assistance to flow through American PVO's, Lucas acknowledges that the PVO role is likely to remain limited to smaller and medium-range projects due to funding limitations. Unless donor governments, therefore, including the U.S., increase bilateral ODA flows to the building of infrastructure, Africa is surely to fall further behind in the race for economic survival.

Africa's additional burden of millions of refugees and displaced persons has only complicated that development process. Lucas notes that while U.S. assistance to African refugees has indeed seen an increase this year, it pales in comparison to assistance extended to southeast Asian refugees.

And yet, even in the short term, Lucas, a "can-do" optimist, sees both political and economic advancement in Africa. There are no "basket-case" phrases in his vocabulary. Africa has the cultural ethos, mineral and agricultural resources, and human capabilities, he believes, to work itself out of its current situation and to become *the* continent of the future. Africare will continue its mission because its definition of development embraces more than the technological.

Africare's commitment also extends to changing American misconceptions about both Africa and development assistance in a number of ways by helping the American public to understand that foreign aid is not a "giveaway" and by reminding them that about one in every seven American jobs results directly from U.S. foreign assistance, trade, and investment.

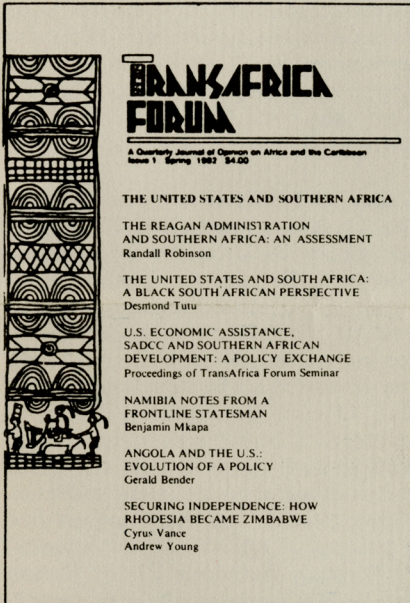
In Lucas' words, "When you end foreign aid and foreign trade, you are taking bread out of American mouths, and you are interrupting a dynamic and mutually beneficial progression into the future." In the coming years, Africare confidently expects to accomplish its current agenda—and much more. □

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