2017 Tobias Center Keynote Address on Visions of Development

Indiana University School of Global and International Studies, Bloomington, Indiana
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See photographs of the event here.

I am honored by the opportunity to speak at the inaugural Tobias Center Conference. It is a special pleasure to be reunited with my friends Randy and Deborah Tobias this week and to join in celebrating the Tobias Center, which will contribute greatly to the School of Global and International Studies, the Indiana University community, and to the vital subject of international development.

During the last two decades we have seen innumerable advancements in development programs and concepts that have produced tangible results. Efforts to combat AIDS, tuberculosis, and malaria have produced accomplishments that clearly exceeded our expectations. We have established the Millennium Challenge Corporation and placed much more emphasis on good governance and the use of evidence to inform development efforts. The private sector has become more effective in administering assistance, and its impact in many locations rivals or exceeds the impact of government development programs. There is a strong appreciation within our military for the role development assistance plays in supporting U.S. national security policy. We also are coming closer to a consensus on the importance of transparency, monitoring and evaluation in foreign assistance spending.

But even as we celebrate this progress, we must acknowledge that political challenges cast a shadow over the development work of our Federal government and many groups devoted to this cause. President Trump’s election is a manifestation of the increasingly isolationist attitudes of many Americans. His first budget proposal contained cuts to the foreign operations budget of almost 30 percent, which if enacted would incapacitate many foreign assistance programs. Some members of Congress argue that all foreign assistance should be eliminated. A larger number would preserve assistance to Israel and some other politically popular elements, but would sharply downsize most development aid. Almost everyone expects that U.S. foreign assistance funding will be constrained for the foreseeable future.

In this context, it is vital that all of us use every opportunity to explain why foreign assistance is an indispensable tool of U.S. foreign policy and to support reforms of foreign assistance that ensure it is effective. In fact, when properly administered, development assistance is a bargain for our economic and diplomatic standing in the world. Even in the most challenging economic times, the United States remains a wealthy nation with interests in every corner of the globe. Especially since the tragic events of September 11, it is evident that poorly-governed states with impoverished populations can pose
grave threats to our national security. Nations that struggle with severe poverty and corrupt governance are at greater risk from terrorism and instability.

We have spent hundreds of billions of dollars in recent decades fighting wars and preparing for military scenarios in underdeveloped regions of the world. The deaths of four U.S. servicemen in Niger, a country of minimal national security interest until recently, underscore this point. If properly targeted, foreign assistance programs can mitigate national security risks and improve U.S. connections to peoples and governments. They may well save huge military expenditures down the road and help change perceptions that U.S. foreign policy has been excessively militarized. This is why the Defense Department has been a strong advocate of a robust foreign affairs budget.

Beyond protecting our own interests, an effective development assistance program is essential to our moral standing as a nation. No superpower that claims to possess the moral high ground can afford to relinquish its leadership in addressing global disease, hunger, and ignorance.

As I have often observed, more than any other nation, the United States possesses a traditional moral identity that is closely associated with religious tolerance, democratic governance, freedom of the individual, the promotion of economic opportunity, and resistance to oppression. No nation is more closely linked to a set of historic moral precepts than the United States. And no nation is judged more meticulously according to its own articulated values. As an observer of global affairs for many decades, I believe this is a good thing. I believe our moral identity is an essential source of national power.

Despite missteps, our country has been and still is a force for good in the world. This is indisputable from any objective point of view. I would assert that as a moral nation, founded on moral principles, we diminish ourselves and our national reputation if we turn our backs on the obvious plight of hundreds of millions of people who are living on less than a dollar a day and facing severe risk from hunger and disease.

This is not to say that every human being or every country in a desperate circumstance is our responsibility. But the United States must be a leader in forging global partnerships and developing the most effective practices to achieve development goals. Beyond our own programs, the efforts of other nations and many non-governmental groups depend on the United States for direction, support, and even validation. We should not be hesitant, even in this budgetary environment, to make the national security and moral cases for pure development assistance.

Further, we should be forthright in explaining that diplomacy and development are two distinct disciplines. Although diplomacy and development often can be mutually reinforcing, at their core, they have different priorities, resource requirements, and time horizons. Most obviously, diplomacy is far more concerned with solving immediate problems, usually associated with countries of strategic interest. Although we hope that our development efforts will yield short-term strategic benefits, this is
not their primary purpose. In a development context, we are willing to take a much longer view of the world and devote resources to countries of less, or even minimal, strategic significance. We are willing to engage in missions for purely altruistic reasons. These differences underscore why development must be a goal that is independent of diplomacy, not merely its servant.

To maximize our development efforts, we will need robust partnerships. While historically, nongovernmental organizations and contractors have been natural partners with USAID as implementers, we must go beyond these traditional relationships. We should be expanding coordination with foundations, corporations, small businesses, inventors, and others who contribute value. We also should be exploring trilateral assistance programs with other governments. With partnerships built from the ground up at the earliest stages of program development and sound financial structures for sustaining them, we can leverage scarce resources for maximum results.

Even as we reconsider our development architecture, it is vital that development policy is guided by objectives rather than by how we organize our government to deliver development assistance. We should focus on the big issues – food scarcity, poverty, disease, environmental degradation – that prevent economic growth in a large swath of the world’s countries. Those objectives require that strategies reflect the needs of the countries we are helping rather than our own process, which often allocates funds in response to lobbying pressures, media interest, or political favoritism. Country strategies based on broad objectives also give us the best chance to avoid dependence on arbitrary spending targets for specific sectors. For example, promoting food security requires investments not just in agricultural productivity, but in clean water, infrastructure, basic and higher education, and land ownership, to name just a few factors.

As we move forward, we must embrace transparency in foreign assistance programs. We should be forthcoming about where taxpayer dollars are spent, what goals they are meant to accomplish, and whether those goals are achieved. This is vital not only to provide taxpayers a clear picture of how their money is being used, but also to reinforce U.S. goals in transparent economic development. Transparency helps level the playing field for U.S. companies, counters the propensity of resource-rich developing countries toward wasteful spending, and combats the corruption that the World Bank has identified as “the single biggest obstacle to economic and social development.” I share the World Bank’s view of the vital link between fighting corruption and successful development efforts.

Unfortunately, on the transparency front, the news is not good. The Trump Administration and Congress have conspicuously withdrawn the United States from key transparency initiatives.

For many years, the United States was the leader in combating corruption overseas. Congress in 1977 passed the Foreign Corrupt Practices Act, which makes it a crime for an American corporation to bribe a foreign government official. This was at a time when competitors in countries like France and Germany could legally take a tax deduction for bribes to foreign officials.
Critics said this law would be harmful to U.S. interests. But just the opposite happened. American prestige rose significantly around the world, and we were seen, rightly, as champions of good governance. American companies may have lost some business, but they gained other business thanks to a reputation for honest dealing.

The United States built on this leadership in the 1990s, implementing an anti-bribery convention with other developed countries and backing an anti-corruption campaign at the World Bank.

In the early 2000s, the U.S. again took a stand against corruption by attacking the resource curse. This is the phenomenon in which developing countries blessed with an abundance of natural resources remain mired in poverty because corrupt leaders siphon off the royalties. Instead of going to schools and roads and health systems, resource wealth is often diverted for the personal pleasure of leaders or to bolster their own power and political objectives.

In response, the United States supported creation of the Extractive Industries Transparency Initiative to fight the resource curse. Under EITI, developing country members, and the oil and mining companies that operate within them, report publicly their payments, so citizens can “follow the money.” But EITI is voluntary, and many corrupt countries aren’t members. More action was needed.

In 2009, my colleague Senator Ben Cardin and I introduced legislation to require all U.S.-listed oil and mining firms to report their payments to governments. Also at our urging, the United States became a reporting country in EITI, setting an example for other countries, rich and poor.

When the Cardin-Lugar anti-corruption amendment was adopted in 2010, some critics again complained that U.S. firms would be at a disadvantage. Instead, the European Union and Canada followed the American lead, enacting nearly identical legislation, leveling the playing field. The U.S. standard had become the international norm, followed by about 30 developed countries.

Unfortunately, under President Trump, the United States has abandoned these key anti-corruption efforts. Early this year, one of the first bills he signed repealed the regulation that implemented the Cardin-Lugar amendment. A handful of powerful U.S. oil companies had lobbied hard for the repeal legislation, which passed Congress with little debate on a party line vote. Then last week, the Trump administration again ceded moral leadership on this vital issue. It announced that the United States would end its role as a reporting country under EITI.

This abdication by the U.S. threatens to weaken the international resolve to crack down on foreign corruption and may well embolden corrupt autocrats. It certainly complicates global development objectives and harms the U.S. national interest. More corruption will mean less successful efforts to fight poverty, hunger, disease and instability. And that in turn will lead to greater risks of conflict, mass migration, and terrorism.
The work to advance global development is never easy. There are always bumps in the road, and funding rarely meets the needs at hand. And yet, I believe great progress has been made and will continue to be made in the coming decades. Over the years, as I visited countries on many continents, I met incredibly devoted and knowledgeable development professionals from the United States and many other nations who were operating in challenging and sometimes dangerous circumstances. I remain inspired by their example and by your example.

I applaud the commitment that each of you has made to global development. I admire your courage, compassion, and skill as you continue to find new ways to deliver results. I look forward to our achievements in the coming years.