

A bipartisan approach to global poverty

By Brian Atwood and Andrew Natsios

Success in the fight against poverty will require that economic development in poor countries be a cornerstone of U.S. foreign policy. Yet some fundamental questions remain: How can U.S. assistance most effectively spur economic growth in poor countries, and how can the unique contributions of the private sector be brought to bear on this challenge?

As former administrators of the U.S. Agency for International Development (USAID) who have served under Republican and Democratic administrations, and who belong to different political parties, we are convinced that the need to elevate global poverty reduction as a key national priority is urgent and that the private sector, especially U.S. business, has a critical role to play in spurring growth and creating jobs around the world.

Today in Minneapolis, we will join with members of the Initiative for Global Development (IGD) to call for a sustained effort to reduce global poverty. IGD is a national alliance of business leaders that champions effective solutions to global poverty and seeks to make economic development in poor countries a higher national priority.

Poverty reduction relies on robust and sustainable economic growth. Accordingly, our aid, trade and investment policies must focus on generating wealth and creating employment in the developing world. U.S. policies toward developing countries at present involve far too many agencies chasing too few dollars and without any guiding framework.

The fundamental legislation governing our foreign aid programs — the Foreign Assistance Act — has not been rewritten since the end of the Cold War. Current law identifies 33 major objectives, 75 priorities and 247 directives for U.S. aid, but does not rank them by priority.

The United States reported to the Organization for Economic Cooperation and Development (OECD), which tracks global aid flows, that 28 separate government agencies, departments and offices had provided aid in 2006.

This reduces our impact and undermines our development objectives. For example, the World Trade Organization has repeatedly found that U.S. cotton subsidies have lowered global cotton prices, which means lower incomes for poor cotton farmers in places like Mali. Yet U.S. development assistance in Mali is focused on supporting export-driven economic growth there. Research has shown the aid flows are not enough to make up for the losses stemming from depressed market prices. Likewise, in 2006 the United States gave \$120 million in aid to Bangladesh and Cambodia while collecting \$853 million in import duties from them.

Government has a leadership role to play in establishing the right policy environment, funding key infrastructure investments and providing incentives where private capital investment is lagging. The next president needs to reach across the aisle and lead a bipartisan approach to reduce global poverty. Yet government on its own cannot end poverty without the engine of private sector growth to create jobs, generate wealth and boost national income.

U.S. policy should help develop a strong private sector in poor countries, with particular emphasis on helping create small and medium enterprises, the foundation of any healthy economy. It should also help engage multinational companies in the business of development. These companies have the financial and technical capability to make real investments in both infrastructure and human capacity — and the long-term interest to make their engagement sustainable.

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