

An Interview with J. Brian Atwood

Dambisa Moyo and other critics claim that the global development enterprise has been a failure. What is your response to these critics?

Atwood: I was once on a panel with Dambisa Moyo, and it's interesting that perhaps her publishers write better headlines than what she actually believes. Her concern is that foreign aid has created dependencies in the past, and I share that concern. I think that the way to go with respect to development assistance is country ownership. Developing countries do not always have the capacity, so there's always a tradeoff between whether or not you feel that you can risk using taxpayer money in a country that doesn't have capacity. But we've studied these issues and believe there is more capacity out there than we're responding to. If we really embrace the notion of country ownership and the developing countries genuinely buy in, and we use the budgets of the recipient country, we can create a situation where there is mutual accountability that does away with the dependency problem. But Moyo is right that a lot of foreign aid in the past has created dependency and that has caused many governments to simply sit back and fail to do the job they're supposed to do as part of this mutual accountability prism.

Considering recent profound economic troubles in developed countries and the value-based challenge coming from the Islamic world, do you think the modernization paradigm that development has been based on is still relevant?

Atwood: I would dispute the fact that we've been basing development on the modernization model. I think we learned a few lessons from the effort to try to modernize Iran. We realized that it isn't the stark question of the "Lexus or the olive tree"; that development has to be in context;

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that we've got to work with countries; that we've got to understand the cultural issues and the institutions of the country; that we've got to build those institutions in those countries where they're ineffective. There hasn't been a modernization motif per se. There is, however, another aspect of modernization: we need to get these countries somehow tied into the global economy, and some of them resist that. They're not sure they want to do that.

We long ago dismissed the notion that we could operate on the basis of comparative advantage, meaning that if a country has minerals, you exploit the minerals, if you've got oil, you exploit the oil. We understand Dutch disease and that single-source economies haven't worked. If countries manage their resources well, then that's fine, but they have to find a way to compete in the global economy or else they're not going to develop. They have to make the decision as to what extent integration compromises their own values, their own norms, their own culture, their own history. I think if we do embrace the idea of country ownership, then they will make those decisions, and they will come up with the strategies that best fit their circumstances.

Since the 1980s, development agencies have been promoting development based on the model of consumer market capitalism. Is this model still the way to go for less developed countries?

Atwood: A lot of people are asking that question now as they look at some of the emerging economies and their success in achieving growth. Those emerging economies are moving along a timeline themselves, and the pressures that the Chinese feel, for example, are: should we become more

consumer-oriented? Are we doing ourselves any favors by being so export-oriented? They have a huge backup of capital now. Their balance of trade with other countries is skewed. They're worried because they have to operate within a global economy. Is their currency valued at the proper level? No. Most people think that it's tremendously advantageous to their exports. The fact is that they have had another model that isn't entirely based on capitalism and consumerism, but on a controlled capitalism.

Today, Chinese consumers are demanding a bigger slice of the pie. Everyone is looking at this. What the Western countries are looking at is the fact that they are hitting a demographic wall; they can't seem to grow fast enough to get out of normal economic downturns as they have in the past. People are beginning to ask the question: do we have this right? Should it be exclusively free-market oriented? To what extent should the government regulate the market? To what extent does government contribute to the economy by investing in education, health care, and human development? All of these issues are constantly debated, and now more than ever as we observe the growth rates of the emerging economies.

China is the most cash-rich country in the world. It is becoming a significant donor in certain regions. What is your assessment of the Chinese model for development assistance?

Atwood: It's a self-interested model. The Chinese are beginning to ask serious questions about their own model. Premier Wen Jiabao has said they need to do a better job of investing their money. They have only recently announced to their own people that they have

a foreign aid program. The Chinese people didn't know that until recently. The authorities have been getting feedback through Web sites that they put out there—they don't take public opinion polls, but they put out Web sites and allow the elite to comment. The feedback they've been getting asks, "why are you spending money overseas when we've got problems at home?" They still have serious poverty problems in China. They have problems with the quality of their economy. The Chinese development budget is probably in the range of \$10 billion [per year]. Compared to \$30 billion [per year] for the United States, that's pretty significant for a new South-South provider, as they like to call themselves.

They have what I call a "foundation model." They sit back and wait to see what African or other countries are making requests of them. They generally choose to build infrastructure. They will then send Chinese workers in to do the work. The sustainability of the development effort is questionable, and they've been making some bad investments so they have been seriously looking to share information. For the past 2½ years, the Development Assistance Committee [DAC] has had a China-DAC Study Group, and we've gone to Africa with them. We've had meetings in Beijing with Chinese development authorities; the exchange has been interesting. They're really thirsty for knowledge about these things.

Do you think the Chinese will try to take advantage of the lessons that U.S. and European donor countries have learned from their own development experience?

Atwood: For ideological reasons they won't admit this, and I think we've already

learned some things from them because they've done more in the area of poverty reduction than anyone. We've met the extreme poverty goal of the [Millennium Development Goals] because of the Chinese and their economic reforms, but it has been a kind of reform that might not work in a democracy. The question becomes whether their reforms will work in the long run if they don't have more democracy. Wen Jiabao himself has given a speech stating that they need political reform in China just as he's leaving office. He has also given a speech saying that they need to break up the banks; they're too powerful. So there's a lot going on inside China that we're not fully aware of. It's interesting to watch.

The United States became involved in formal development aid programs after World War II, when it was the strongest and richest country in world. As of today, U.S. outstanding public debt is \$15.6 trillion, and if you add in debt of households, businesses, individuals, and subnational government, national debt is well over \$50 trillion. Should the United States still be a donor nation?

Atwood: Yes, of course, because if you really want to work down the debt, you need to create new markets. That has been part of the philosophy for many years. That may sound like a hard, high number, but as a percentage of U.S. GDP [gross domestic product], we're not yet in the danger zone. The U.S. economy is beginning to grow again; we still have a triple-A rating, and we have the international currency. The American people are going to wake up one day and say this isn't healthy, and we're going to have to go through some serious reform, but it has to

be done carefully and over a period of time. We're going to have to cut back government spending, but if we do it too drastically, too soon, we will face another recession. It has to be done sensibly, though it's difficult in this political context to do it sensibly as you can imagine. Still, as a percentage of GDP, it's not such a huge debt. When you talk about official U.S. development assistance, you're talking about \$30 billion; that's a small amount compared to our defense budget, which is \$600 billion. A lot of people ask why Europeans have done so much better, many of them having reached 0.7 percent of their GDP. U.S. aid is at only 0.21 percent of GDP. Part of the reason is that the United States provides the defense shield for Europe. The Europeans can afford to invest in soft power as a result. They see that as a security investment as well as an investment for value reasons.

A development that has been marked over the past decade is the drawing closer together of the development and security communities, particularly in Iraq and Afghanistan, but in other places as well. What are the consequences of these two communities working side by side?

Atwood: It's very interesting because when John F. Kennedy's administration created USAID [U.S. Agency for International Development], it, for the first time, separated security assistance from development assistance. Today, you can honestly say that in many countries in which we're working, you can't have development without security, and you can't have security without development. It's obvious to me that the two have to work together, and that in many of the fragile states in particular, we have to find the way to ask

the military to coordinate its activities so they provide a secure area.

I was at USAID talking about Somalia. The military was working in some parts of Somalia. I asked the question: Is our military doing anything in that area? Can it possibly provide a little more security against al Shabab? If we really want to deal with the problems in Somalia, which is al-Shabaab—and al Qaeda—related terrorism and the pirate groups, Somalia needs development. We can't do development without security, so we need to train and work better together. We need to understand the concepts on both sides. When I was trying to rewrite the senior officers' course at the Foreign Service Institute, I wrote a whole section on defense and why Foreign Service officers ought to know more about the military, the way it builds and acquires weapons, the way it deploys, the doctrines that it follows. And some of the military officers in the groups asked, "Why do civilians need to know that?" They need to know more about the way the military operates, and the military needs to know more about the way civilians operate, if we're to take advantage of the strengths of both sides.

Should the U.S. development elements and defense elements of our foreign policy fuse even closer together, the way they were prior to the Kennedy administration separating them?

Atwood: No. Part of the challenge in development is trust. Unfortunately when people in developing countries see the American military in operation, the American military is obviously the point of a policy that is designed to protect American interests explicitly. That's why the military is there. That's why they are in Afghanistan. When

those same people see development civilians in the field, they know that those development civilians will only succeed if the country itself succeeds. There's a natural trust factor that comes into play. As much as I appreciate the fact that students at West Point and the Naval Academy are learning a lot more about development, and they're actually undertaking a lot of it, it's very difficult to effectuate that degree of trust when you have to carry a gun or wear a uniform.

Can military forces be effective purveyors of development assistance?

Atwood: They can do some things better than civilians in postconflict situations. There are many examples of this: civil engineers going in and building roads so that they can improve the security environment within a country. They do things extremely well when it comes to building things and logistics. But again, when it comes to the human development aspect of it, civilians are much more effective.

The military has a long tradition of helping in humanitarian disasters.

Atwood: But even in those situations when the President authorizes its mobilization for humanitarian assistance, it operates under a strategy that is designed by USAID.

Can development buy hearts and minds?

Atwood: I think development has bought hearts and minds over the years. I was moved at a recent conference the DAC held in Busan, Korea. Busan was the port where a lot of humanitarian relief was delivered during and

after the Korean War, and so many Koreans say, "I wouldn't be here today if I didn't have milk provided by USAID or food provided by USAID." Korea is the newest member of the DAC. Their per-capita income in the 1960s was under \$100. There is great appreciation for what we did back then. The USAID logo is a symbol of two hands clasping; I think that has bought friends for the United States all over the world.

What are your current thoughts about the priority or nonpriority status of democracy and democratization in development?

Atwood: I think it's a high priority because we've learned over the years that unless you enable the people of a country to participate in the development process, you really can't achieve sustainable development results. You can't just operate on a top-down basis. Those people have to have the institutions and the rule of law that protects their rights to private property, be they entrepreneurs or citizens, or to free speech or assembly. It's a question of institutions; it's a way of enabling this participatory development aspect. It's also frankly the way you keep governments accountable. If you don't have full democratic institutions that work, obviously consistent with the history and culture of the country, then the accountability factor is missing. Then you get issues like dependency and other problems that exist, and you may be able achieve a few results for a short period of time, but it's questionable as to how sustainable those results will be.

As an international development leader, do you think that the United States abandoned or diluted its commitment to democracy and

democratization in its efforts in Afghanistan and Iraq?

Atwood: No. The United States encouraged elections in Iraq. Some could argue that it was done top down, and it should have been done locally first and moved its way up. You can argue about how it was done. But one of the rationales—and I want to make it clear that I did not support President [George W.] Bush’s decision to go into Iraq, which I think was a big mistake—was to have a democratic Arab nation in the heart of the Middle East. I don’t know how Freedom House ranks Iraq today, but they have an elected government that has some degree of legitimacy even if it has all kinds of problems. I don’t think we abandoned democracy in Iraq. We certainly haven’t abandoned it in Afghanistan. The job that Lakhdar Brahimi did in setting up the parliament of Afghanistan and creating the election process is much more democratic than it would have been without the international effort. Certainly something has been created that is much more democratic than it could have been under the Taliban.

Many believe U.S. civilian agencies need some kind of expeditionary capacity. Is such a capacity still required in the post-Iraq, post-Afghanistan environment?

Atwood: Yes and no. I don’t have any question that a surge capacity is needed to be able to respond to postconflict situations or in fragile states. The conference I mentioned earlier resulted in the Busan agreement, called the New Deal on Conflict and Fragility. I think we need to be able to create a policing capacity. We have a hard time reconciling issues that came up in the 1960s and 1970s with respect

to police training when police trainees were abusing people. But we do need that capacity in postconflict situations. It isn’t right to ask our military, which is a vertically organized unit, which is top-down oriented and not supposed to be operating on a horizontal basis with the community at large. The police basically organize themselves along horizontal lines. We need that kind of civilian capacity. I created something when I was at USAID called the Office of Transition Initiatives [OTI]. That could be strengthened.

Just as defense is a different profession from that of diplomacy, so is the case with development and humanitarian assistance being different professions. The kind of people that do transitional work are a unique profession as well. They have to be a little more politically oriented than traditional development requires. Their job is to bring reconciliation to a war-torn society, and OTI has performed that function. I don’t think that the function belongs in the State Department; it belongs at USAID where the profession can evolve.

Former Secretary of State Condoleezza Rice used to speak of the 3Ds—diplomacy, defense, and development—working together. When Secretary of State Hillary Clinton took office, she said that two of those Ds are under her control. It has been observed that during her tenure, USAID has a lost a good deal of its independence. As the former administrator of USAID, how do you feel about that?

Atwood: USAID had lost control over its budget long before Hillary Clinton came in. I think in some ways because of Secretary Clinton’s intense interest in development, USAID has been strengthened. There are people who act as though the State Department

is in charge of development, but I don't think that's what Secretary Clinton intended or intends. I think she wants to—and she has said it a number of times and actually acted on it—strengthen USAID as an institution. It's fighting its way back toward a more strengthened role. The fact that the President and Secretary of State have asked USAID to coordinate all government activities with respect to the next G8 meeting, where food security is the top issue, is an indication that USAID is fighting its way back. Whether it will ever be on a plane with development and diplomacy is another question. I think the only way it will ultimately be on the same plane as the other two Ds is if it were to become a separate Cabinet department.

Do you advocate that?

Atwood: I've always advocated that. I advocate it with less enthusiasm when there's a Secretary of State such as Hillary Clinton who cares about development. But when she's gone, I will advocate it enthusiastically again.

U.S. foreign assistance is currently dispensed by numerous agencies. Many of these agencies have their domestic core activity, which is not development assistance. Do you think that there is an ongoing need to have a separate USAID, Millennium Challenge Corporation, and President's Emergency Plan for AIDS Relief, or could those be fused into a single agency?

Atwood: They definitely should be fused. I'm less concerned about MCC. PEPFAR, I think, has modified its approach to its business somewhat. I'm more concerned about the domestic-oriented agencies, even the CDC

[Centers for Disease Control]. The CDC is concerned about communicable diseases affecting Americans, and it operates that way. When it goes overseas, and it has a lot of PEPFAR money, it operates on a short-term basis. The CDC vision is "let's get at this disease and let's control it right now" because that's its business. It doesn't think about putting a health-care system in place that will take 10 years to accomplish, whereas USAID people think in those terms. How do you create a sustainable healthcare system? A surveillance system? A system that delivers healthcare and can be sustained by the people of the country? CDC has a domestic mission.

The same is true of the other agencies. They're thinking about their domestic mission first; that's what they get their money for. I really do think it's been dangerous to see this proliferation of development agencies throughout the U.S. Government. It began at the time the Berlin Wall came down, and the Congress in its infinite wisdom decided that they would assign the responsibility for development in Eastern and Central Europe and the former Soviet Union to the State Department. The diplomats in charge of these programs said, "I don't want the Secretary of State to be receiving a call from the Secretary of Agriculture or the Secretary of Energy wanting a role, so I'm going to disperse some money to them and let everyone have a role." Those other agencies got the money, but didn't have the capacity to deliver overseas. Often they would put out public requests for proposals and they'd end with the same contractors or grantees that USAID used. However, they didn't have the capacity to evaluate the programs or oversee them in the field because they didn't have people in the field. It was a huge mistake. From the point of view of the

DAC at OECD, when we critique the United States it's because of this proliferation of development agencies that don't have any business doing development.

One thing that the military does well is its disciplined approach to learning from its experiences. Does the development community need to develop such a capacity and practice?

Atwood: It most certainly does, and it's being developed. Development is a far more complex mission because we're talking about developing entire societies, and every sector is somewhat different. Some sectors lend themselves to quantifiable results and measurements, while others can only be measured by qualitative evaluations. It is really complicated. Then there is the question of attribution. Who is responsible for success, or the result? You want it to be the government you're working with; it's a partnership. You may be overlapping with another donor. Who's to take credit for the results? The Government Performance and Results Act requires all government agencies to be able to measure results. Unfortunately, in the aid business, congressional authorizers haven't enacted a new authorization bill since 1985. The appropriators have a different outlook: "I want you to spend the money we give you." It's an input-oriented perspective. Development should have an outcome-oriented perspective. We ought to have a new authorization bill that says this our overall national strategy as it relates to development, and these are the outcomes we want you to achieve, and you need to report to us and be held accountable for achieving those outcomes, not just to spend the money we give you by the earmark but to look at the outcomes.

How should leading donors such as the United States condition their assistance to countries that are corrupt or behaving in ways that we find unacceptable? For example, how should we respond to Egypt, having recently arrested a number of American workers from the USAID Democracy Development Program?

Atwood: First of all, we should react when they do something foolish like that. We should react the way we have reacted. What the Egyptians did is frankly outrageous, especially given the fact that these organizations had asked for licenses to practice as they're required to do as far back as 2006 during the Mubarak administration. They've asked every 6 months since, and they've asked for more information. They were never given the licenses and they were never told to leave. Then all of sudden they're arrested. However, you have to recognize that this is a transition situation. You have to play. You can't just leave the playing field because you're offended by something like this. The Egyptians are working their way toward a legitimate government. We need to be there. We've got too much at stake. Too many investments have been made over the years—investments in peace. I hope that Egypt will become again a leader in the Arab world and that it will become a democratic leader in the Arab world. The best aspiration would be that it would become a country like Turkey that is an Islamic people in a secular, democratic country.

Pakistan reacted strongly to certain conditions placed on our development program. How do we deal with that?

Atwood: Some countries obviously have insecurity problems. Pakistan has both

insecurity and security problems as well. Politics in Pakistan are difficult. People are looking to really go after the current civilian government, which isn't very popular. It makes them overreact—even though we should be offended by the fact that Osama bin Laden was sitting there all those months, and obviously someone knew it. It becomes a question of do you leave the playing field or do you try to work the problem. I think that we need to engage and we need to work the problem. It presents us with a diplomatic issue. I used to be the Assistant Secretary of Congressional Relations and I tried to sit down with Members of Congress who are trying to respond to a certain constituency without understanding what the implications are and how it will be read in a foreign country. We also need to work the congressional side of this as well as the diplomatic side with the Pakistanis. Don't do anything that's going to cut off your nose to spite your face. **PRISM**