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Jeffrey Garten

“The Call for a New International Economic Order,” Part 2 of 2

September 23, 1976

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HOST: *[recording begins mid-sentence]*...work with this conference. We have someone who is able to speak from a point of view of the U.S. Department of State. Because this is, of course, the person at the Department that represents us in our dealings with other countries, and we want to know more about the image we project and how our... how those decisions are reached.

Jeffrey Garten is a member of the Policy Planning Staff for the Secretary of State; has been since last year, and he is... his responsibility is all aspects of foreign economic policy. This means both with East and West, and with North and South. He was a staff member of the White House Council of International Economic Policy from 1973 to '74, and had been a Senate staff aide in '72 to '73. He's had military service as a captain in the U.S. Army Special Forces between 1968 and 1970, and that time was spent in Thailand and in Vietnam. He has a B.A. degree in Economics and Political Science from Dartmouth College, and a Ph.D. from Johns Hopkins University. He is also a member of the Council for Foreign Relations in New York.

[applause]

JEFFREY GARTEN: Thank you very much. Well, I sat through this session last night and this morning, and I'm afraid I'm in the embarrassing position of not having an awful lot new to tell you because I think the discussions have been at a very high level of sophistication and I myself have learned a tremendous amount just by sitting in and listening.

What I would like to do, though, is to first talk about the new international economic order and its central elements and the meaning. Secondly, to talk about the response that our country has made to this. Third, the gulf between the two, and the issues involved in reconciling that gulf. And then, finally, a footnote about the United Nations' role.

And as I think about this, a lot of this has already been said. What I'd like to do is extract some of the central concepts because I think that it's very easy to get bogged down in the details of this initiative or that particular proposal. But underlying what's going on here is something very deep and very important for all of us. And, where possible, I would just like to illustrate these concepts with some of the negotiations that are going on now and some of the real problems that we have, actually this month and in the next couple of months, and in the years ahead.

To do all this in 20 minutes reminds me of the definition of an economist as one who looks at a problem squarely in the eye and then moves onto something else. But I hope that we don't move on. I don't intend to, in terms of my activities in the years ahead, and it's crucial that people like yourselves don't move on too quickly either.

First, a couple of words about the new international economic order, sometimes referred to in Washington as the NEO. In its broadest sense, what this program is is the formal closing down of the colonial era. And it's the end of the submergence of the poor continents by the rich, white descendants of Europe, ranging from Vladivostock in the Soviet Union to Vancouver in Canada. And this movement really owes its origins to several very important trends. One, of course, is just the explosion of the number of new countries in the world since the late '50s and early '60s.

Second is what is loosely referred to as interdependence. The fact that what happens in these countries and what happens in our own country is inextricably linked.

The third trend is what happened with the oil producers, and the fact that we were literally forced to recognize the power and the significance of the developing country economies.

And a fourth trend is the discovery by the developing countries of what is akin to trade unionism; the notion that if they get together and bargain, their political power is maximized, and they can do together what they cannot do individually.

And the fifth and final trend are economic conditions themselves. First, in the developed countries, which have experienced recession and a certain turning inward, and, equally

significant, the deteriorating economic conditions in the Third World, where countries have been wracked by the simultaneous inflation and recession, high oil prices, high prices of food and fertilizer.

And all these trends together have created a situation which has caused the developing countries to band together and very effectively present a series of demands to the rich countries. Demands which we cannot ignore.

Now, the new international economic order itself is difficult to define, and I think the best way to conceive of it, other than the conceptual terms that I've mentioned, is that it is a series of documents that have emerged from a series of meetings by developing countries. In the documents... document demands, and proposals, which cover the entire economic system, ranging from trade to technology transfer, from resource development to the international monetary system. From shipping to the marketing infrastructure. There is literally no part of our internal economy that is not addressed by the new international economic order.

And I think there are two basic ways to look at this: on the one hand, the new international economic order, the NEO, is an explicit rejection of the post-war economic system. A rejection of its predominant market orientation. A rejection of the way decisions have been made in the international economy. But it's also a more positive vision. It's also a proposal for a different kind of system. One which is very heavily statist, which projects a very large role by governments. One which discusses equality. And one which is based very much on the notion of redistribution. And a final element of this positive vision is the notion that the rules of the game in the international economy should be legally binding.

Left very unclear in the new international economic order, as described in these documents, is the timeframe by which these new demands should be met. Left unclear is the notion of what domestic responsibilities the developing countries themselves have. Left unclear is whether the notion of equity, which the developing countries describe as equity among nations, whether this notion also is important for equity within nations. And left unclear in the concept of equality is whether we're talking about or whether the developing countries are talking about equality of income, equality of wealth, or simply equality of opportunity. And finally left unclear in the notion of redistribution, is whether they're talking about a redistribution of existing wealth or redistribution of future growth.

And I mention these elements that are unclear because these are some of the more vexing problems that we have, because not everyone is talking about the same things either in the industrialized world or the developing world.

Secondly, let me turn to the U.S. response to the new international economic order. In the sense that our response is part reaction, and it's part things we were doing anyway. Of course it's a reaction to the growing political effectiveness of the developing countries. The way they've presented their demands means that we can no longer ignore them. And it's a reaction very much to the oil crisis, and fears not only that oil prices will be hinged to our response to other developing country demands, but also that there will be other resources or other areas of the international economy which the developing countries themselves could disrupt.

But our response is also a question of things that had to be done as well. And we started doing those things before the oil embargo in the early 1970s, when it was clear that we needed a new international monetary system. When it was clear that the post-war trading system needed further development and further strengthening. When people realized that international investment was increasing much faster than international trade, and yet there were no rules. And in all of these things, American policy makers realized that the developing countries would have to play a more significant role in both making the rules and in playing with it.

Now the U.S. approach is based on several elements. The first one is that yes, we need major changes in the international economic system, but that these changes must be evolutionary. We must build on what we have.

The second premise is that despite all its faults, the market oriented system is still the best kind of system. And although we need a more effective public infrastructure to guide the market, nevertheless, we are not willing to discard it.

Our approach does not stress foreign aid, in contrast to our approach in the 1960s. Quite a bit has been said here about the difficulties in the foreign aid process. The U.S. approach now is much more broadly based. It's based on the fact, first of all, that there is a tremendous amount of differentiation in the Third World, and this is something that we haven't talked about too much last night or this morning. The fact that it's a tremendous oversimplification to talk about North-South problems or to talk about the Third World, because in fact, there are many worlds out there. There are relatively rich developing countries, there are middling developing countries, and there are some that are hopelessly poor.

In our approach to meeting the demands of a new international economic order are to address specific problems and specific groups of countries with a variety of mechanisms. Foreign aid for the poorest, trade for the middle and advanced income countries, different kinds of technology

transfer, different levels of concessionary assistance. And we also feel very strongly about the notion about the domestic responsibilities in the developing countries.

And here I detect that most people are in strong agreement with this. That the most fundamental responsibility for economic development has got to be within the developing countries themselves. And as I said before, even though the developing countries believe this, this is not really a major part of the new international economic order as it's expressed in the documents.

And finally, we do not accept the notion of legally binding rules for every type of international arrangement. And we have two major reasons for this.

First, we don't think that's very practical because situations vary enormously and we need a good deal of flexibility. But secondly, in this country and in Europe and Japan, we have no way to enforce these kinds of legally binding rules unless we have a totally different system between our government and our private sectors. And I think what has happened in the grains areas over the last couple of years has raised this issue to the height of public consciousness. So that in areas like technology transfer, where we are discussing a code with the developing countries, the major issue between us and them is not so much a question of what the rules will be, but whether they will be legally binding.

And likewise, with a code for the multinational corporations, we're willing to set down a variety of guidelines, but we cannot accept the notion that every one of these is going to be legally binding.

The U.S., in fact, has done a good deal over the last couple of years. I don't think anyone would say it's enough, but I think it represents a very good start. For example, we have been in the forefront of making proposals to expand the sheer amount of financial resources available to the developing world. In the international monetary fund where the compensatory financing facility, the facility to lend money to developing countries when their exports earnings are down, has been expanded and has lent, this year, more than it has in the last 12 years combined.

This morning, we talked a little about the trust fund of the international monetary fund, financed from the proceeds of gold, to help developing countries with their temporary balance for payments problems. We've strongly supported the regional development banks and the World Bank. We have a major study underway so that developing countries can have easier access to borrowing on our capital markets.

But we've made a lot of movements in other areas as well. In trade with our generalized system of preferences. Admittedly, it has many shortcomings, as was mentioned, but it's a start and it's the first time we've done this. We know the trade of negotiations. We are way out in front of the other developed countries in terms of the kinds of offers that we want. And there are difficulties that lie ahead, but nevertheless, we have a much more forthcoming trade policy than we had just a few years ago. We made a major proposal for an international resources bank, which is designed to facilitate the flow of private investment in mineral development in the developing world. We joined two commodity agreements this year, coffee and tin. We made a major effort to supply food aid to the poorest countries; in fact, this year, we supplied 60% of all food aid to them. And we made a very significant proposal for an international system of food reserves, a system for world food security. And although this has not been accepted by all countries, we continue to pursue it.

In fact, we've made so many proposals that it's difficult to keep track, and we're criticised very often by other countries for not following up or implementing many of them. I think this only points out the limitations in an interdependent world. In a world where economic power is so diffuse. We have a lot of good ideas, but in the last analysis, we alone can't follow them up and can't implement them alone.

And so it's a continuous process of negotiation, of proposing, of implementing, of adapting. And it's not like it was 10 years ago when the U.S. could propose something and then see it enacted 6 months later. But nevertheless, I don't think that detracts from the effort that we're making.

Let's talk a minute about the gulf between the new international economic order and the response that I just described. The funny thing is that the nature of this gulf changes depending on who you talk to. I think one of the most telling aspects about this whole business is that in this month... just take this month alone. Earlier this month, in Manila, there was the annual meeting of the World Bank and International Monetary Fund. And this was attended by finance ministers in the developing world and the developed world. And there was very little disagreement. In fact, on the most explosive issue right now in North-South relations, the issue of debt, the finance ministers saw eye-to-eye on what the situation was and what had to be done.

In the Paris conference on international economic cooperation, the so-called producer-consumer conference, debt is still a very explosive issue. There, it's not finance ministers. It's foreign ministers, it's secretaries of states. And they're at each other's throats, and the issue of debt threatens to explode the conference. In fact, we're very close to a breakdown. And when

the people in Paris mention what happened in Manila, the foreign ministers don't want to hear about it.

So what we have here is a game almost of international bureaucratic politics with different people from the same countries taking completely different approaches to similar problems, similar issues. So when you talk about the gulf between the developing countries and the developed countries, it's really important to decide, first of all, what form you're talking about and who the people are.

Another example of this... I'm going to give a very specific example of this. Take Brazil. Brazil is a member of the developing countries previously. In Paris, it goes along with all of the demands of the developing countries. Yet on a bilateral basis, our relations with Brazil have never been better. And it's very difficult to explain this other than politics. In a large group, it's not that Brazil makes the proposals for the developing world. It's that it obviously cannot object to them. Bilaterally, we get along just fine.

I'm thinking about the story of a traveler to Dallas. Walked into a strange coffee shop, and he said to the waitress, "I'd like two eggs and a kind word." And a few minutes later, the waitress comes back, put down two eggs. They looked pretty good. He looked down, looked back up to her, and said, "Okay, there are the eggs. Where's the kind word?" And she looked at the eggs and said, "Don't eat the eggs." *[laughter]*

The moral of the story is... the reason I bring it up is that I really don't have kind words to say about either the position of the developed countries or the developing countries in terms of what now has to be done in order for us to reconcile the gulf that does exist. And there is a gulf. Admittedly, the finance ministers are of more than one mind. But nevertheless, we are still not on the same wavelength.

And for the developing countries, this is what I think of their policy. This is how I think their policy has to change. For one, if they continue to pursue the bloc approach to negotiating, the approach which they've taken, which is that they negotiate en masse. When they present a demand, it's never one demand. It's a series of demands because since they are a bloc. And since they internally are very divergent in terms of their development, they have to present a series of demands. In that they continue to do this, though it's politically effective, it means that we can't respond because we can't continually be advancing proposals on every single level. And it's impossible to have a grasp on negotiations when you have so many different countries of so many different economic levels, trying to forge a common policy on one issue.

Secondly, I say that developing countries have to take a more realistic view on some of the proposals that they're advancing. Many of them simply don't make good economic sense. And one example is the proposal for an integrated commodity program, which is based on the notion that you would negotiate a series of commodity agreements together. Another example is this concept of indexation.

And we've taken these proposals seriously, but as we do our analysis in the U.S government, we've come to the conclusion that much of this would be counterproductive to development. That in fact, a few developing countries might gain, but most of them would lose. And yet we're in the awkward position of denying a proposal that they want on grounds that it's not in their interest.

And I would say that developing countries have to show a little bit more respect for the interests of the developed world. As I said before, the term "North-South issues" is a little too simple. We've all got interests in this. It's one economy, it's one global economy. And, in fact, there has to be a spirit of compromise on both sides.

Fourth, I'd say that the developing countries have to be a little more explicit about their own responsibilities for development. Now I know that if you talk to the finance ministers of these countries, they would agree with that. But somehow, the finance ministers only have a small piece of the international action. And in the UN forums, in conferences like UNCTAD, and the conference in Paris, you don't hear enough about the primacy of sound domestic policies.

And next, I'd say, that they have to begin making some sort of a link between the notion of international equity and the notion of domestic equity. That it is sheer foolishness to think that the people in the developed world will allow themselves to be taxed and to give foreign assistance for a cause in the developing world which is seen as being unequitable.

But this is only one-half of the picture. We have an awful lot of moving to do ourselves. For one, we need to take a much more positive approach to the demands that the developing countries have made. We are tremendously ideological. And the irony is that we think of ourselves as a non-ideological people, but in these international forums, we're incredibly ideological. We talk incessantly about the free markets, even where we know they don't exist. We're very quick to turn down the demands of the developing countries without giving it enough consideration. Without thinking of how we might be able to accept a proposal in principle, and then negotiate a realistic solution. And this has got to change for the international political environment.

Secondly, although foreign aid is not the centerpiece of our strategy, we still have a disgraceful foreign aid performance. We're last among the donor countries in the world in terms of percent of GNP, the volume of our foreign aid has decreased in real terms by half since the 1960s, and it's nothing less than disgraceful that a country of this wealth can't afford to give higher levels. I'm not saying that we should go back to the levels of the '60s. I don't think that's right. But certainly we need to reverse the trend of declining foreign assistance programs.

Third, in the trade area, we talk a great game about trade liberalization. We're convinced that this really should be the centerpiece of any development strategy. But when it comes right down to it, our trade policies are not that liberal. Now, it's very simple to say that we should lower trade barriers, but what we really need to do is, at the same time, develop domestic programs which protect our workers, which re-trains them, which relocates them, so that trade liberalisation does not have the domestic stain that everyone is afraid that it might.

And another element is we criticize the developing countries, like I just did, for not paying enough respect to our interests. But, you know, we've been very much at fault because in all these years, we've been very reluctant and very inept in defining what our interests are. After all, the developing countries have gone through the difficulty and the effort of producing document after document about what they want. Nowhere is it recorded what it is that we want, so that we fall back on continually saying, "They're not showing respect for our interests." But we've never defined them in a way, first of all, that they understand, and, more importantly, in a way that our own people understand. And this is a critical element in our policy because in order to sustain a meaningful dialogue, there has got to be a balance. But surely the responsibility is initially on us to define what the balancing elements are. And we haven't done it.

And a corollary to this is that the industrial democracies, countries of Europe, Japan, Canada, and the United States, have pursued a very haphazard policy towards the developing countries. We've not had a unified approach. We dissipate our efforts. Politically, we attempt to outbid one another for developing country favors. And when you consider the magnitude of development tasks before us, when you consider that amount of resources have to be contributed, when you consider the need for public understanding, we cannot have this dissipated, disjointed effort between the industrial democracies. We need to coordinate much more closely. We need to define together what it is the developed world needs and wants from the developing countries. And we're just in the process now of fashioning this joint, coordinated effort.

And there's one other reason why this is very important that doesn't have to do with development so much. It has to do with our foreign policy and our economic welfare. And that is that as very important as the "North-South issues" are, they're not as important to us as our relations with the other developed countries. By far, the overwhelming amount of economic activity takes place among the industrial democracies. This is where our security interests are. These countries are the only ones that share our moral values. And consequently, if we undermine the relationships among ourselves in addressing the problems of the Third World, we are being very counterproductive.

Let me add one footnote, as a final point, about the United Nations. And I haven't heard much discussion about the United Nations here. I think that the reason is it's difficult, in many cases, to figure out what the best role of the UN is with regards to the issues we are talking about. And I preface this by saying that there is absolutely no question that the U.S. strongly supports the United Nations on the things that it does, and that we should continue to do so. After all, this is the only universal forum, and the United Nations represents a hope in virtually every field of international relations.

But, having said this, when one examines the specific economic problems of the day, when one looks at trade negotiations and development financing, technology transfer, the enormous complexity, and the need, in some cases, to deal with only a few countries, and in other cases, with more countries. But basically, the need to develop what we call a community of interest approach, which means that not every negotiation should include every single country. When one looks at this, one can't help feeling that many of the issues we are talking about are best handled by the UN in only a very general way. In a way, we've set general guidelines, general norms. But the real work in negotiating has to be done in affiliated institutions like the World Bank, like the Regional Development Bank. Like the GATT for trade. Even like the conference that's taking place in Paris, where there are only 27 nations, all of whom are representing others.

This is a very blunt thing to say. But, in fact, there is no way that we can make substantial, pragmatic economic progress if every problem is submitted to an international conference with 150 nations. Again, this is not to say that the UN doesn't have a major role to play. It's only to say that other institutions may have a larger role to play in the future than they have had in the past, which is the enormous and complex task of economic development.

Well, I'm now thinking of another story about an economist. Someone said that if you line them all up end-to-end around the world, they'd never reach a conclusion. And I have a feeling that this is where we are now. I don't have any conclusions to reach, partially because I don't think

that there is a conclusion to the new international economic order and what it represents and to our response to it. In fact, people who think there is a conclusion are very much responsible for some of the difficulties that we have, because the negotiation is not going to end in any one conference. There's not going to be a bottom line any more than there's a bottom line to our domestic process of attempting to include more and more people in the benefits of our own economy.

And so, the only conclusion that one can reach is that we're in a continuous negotiation for the long haul. That it will require a kind of public understanding that is much more difficult than most other issues, because in economic issues, some people are going to win and some people are going to lose all the time. There are very few issues where you can say everybody is going to gain. Or, at a minimum, people are going to gain in a differential way. It's very complex, and that's why I'm delighted to be here to talk about some of these issues. I think people make the mistake of thinking that the government representatives have the answers, when maybe it's the people who have more of the answers and we need more of an interchange.

Thank you.

[*applause*]

HOST: Mr. Garten said he'd answer your questions until we have to adjourn, so I hope we'll take advantage of this opportunity.

GARTEN: Yes?

QUESTION 1: I'm interested in your talking about the internal disparity of incomes between the rich and the poor in developing countries, and the concern you've expressed about that. And I don't find that congruent myself with two aspects of U.S. State Department behavior; I'd like to have you comment on that. I'm concerned about the fact that the State Department has favored the involvement of multinational corporations in developing countries when that has tended to increase the affluence of a very small minority in those countries and not increase the affluence of large numbers of people. And that's one kind of State Department involvement I'd like you to talk about.

The other is the State Department's advocacy of continuing aid to countries or to governments which operate as dictatorships within their own countries, like the Philippines and Korea and Chile. Where again, the effect of that is to keep in power small, more affluent minorities at the

expense of larger numbers in the population. So that I feel that we've had a real role in creating...

GARTEN: Mmm-hmm.

QUESTION 1: ...these disparities, and I don't find that congruent with what you've just talked about.

GARTEN: Okay. Well, the first question about the multinational corporations, I think... Without getting into discussion about, you know, their value because, obviously, we can go for hours on the contribution that multinationals make or do not make to development. But the question of income distribution in the developing countries is, basically, a problem for the developing countries themselves. It is not our responsibility. It's not the multinational company's responsibility. I'm not saying that they do not have an obligation, you know, to be good citizens of that country, but in terms of the ultimate responsibility for the distribution of domestic income, it has got to rest with the government of the developing country. So that I don't think that it's a question of the U.S. policy. If a developing country is, let's say, very dissatisfied with the performance of a multinational company, it can kick it out. They've done that.

Now, as to our support for repressive regimes, our foreign aid to the countries you mentioned is not foreign aid for economic development. You know, we have a very large... not very large, but significant foreign assistance program, which has other objectives. Military objectives, security objectives. The portion of our foreign assistance which is labelled development assistance goes exclusively to the poor countries and to the poorest elements within those countries. 75% of our food aid, for example, is determined by countries on a list formulated by the United Nations. All of our foreign development assistance goes to agriculture, population programs, health, education, literacy, nutrition, that sort of thing.

I won't, on the behalf of the administration, will not take credit for that because that has been a Congressional imperative stemming from 1974. But I don't think one can make the case that we, with our development assistance, shore up any kind of regime. It's basically apolitical. It's aimed at meeting basic human needs. And, as I've said before, it's not enough. We don't give enough for that, but that's the direction of our programs.

QUESTION 2: [*off microphone and partially inaudible*]... it's probably [...] an argument about the fact that aid of, once, our... even food aid, that type of aid, will help stabilize a regime, whether it's a good regime or a bad regime. I'd like to know if that is taken into account in graphing a...

In other words, say, calculating Uganda against [...] is that taken into account for their consideration of development aid, proving their agricultural aid [*inaudible*]

GARTEN: Well, let me start by making the distinction that I attempted to make before. Our foreign aid program is basically divided into two parts: we have what's called development assistance and security assistance, or sometimes called supporting assistance. With regard to development assistance, it's long-term, so that those considerations did not enter into it. With regard for security assistance, absolutely. And, you know, the composition of our security assistance can look very much the same. We can give food aid to a country that has absolutely no reason in the world to deserve it, other than the fact that we need it for political and military purpose.

So then the answer to your question is yes, but that it only relates to a portion of our foreign assistance program. And there are many in Congress who would like to see that whole portion go by the wayside, and to have all of our foreign assistance go strictly to long-term development, and I'm talking about bilateral. Strictly to long-term economic development purposes, and that's the controversy right now. We're in the process of submitting a plan for the next year and the next 5 years, as a matter of fact. And I think it's safe to say that, virtually, any administration will want at least some flexibility.

A country like ours, looking at it realistically, needs a way to relate to certain countries, even if they're the most oppressive, obnoxious regime you can imagine. We have some political objectives, and we don't send troops around the world anymore, so there's going to be an element, I think, in our foreign aid program, which is cold-blooded political. But it's going to decrease. It's going to be a decreasing part of our overall foreign assistance program.

QUESTION 3: Well, the very mechanics of beginning a project on UNICEF, which is governed by an elected 30-man board of 30 countries, a country has to approach them, ask for help to develop a project. After it's developed through UNICEF and the planners in that country, then it's submitted to that board, and if it gets, they've got the funds to train the people within that country to carry it out. Now who approaches whom and what initiates a project which you support?

GARTEN: Well, we have... Now, we're talking about bilateral, right? I mean, a lot of our assistance goes to the World Bank and the Regional Banks, and they determine it.

QUESTION 3: So is it bi or is it lateral, is it them or is it us?

GARTEN: In bilateral, what happens is in every country, we have a bilateral program. We have a mission, an AID mission. And they, together with the government, determine the kinds of projects that would be most... would contribute most to development.

However, we're under legal restrictions, which mean those projects have to be in the areas I mentioned. They have to be agricultural, population related, education. They cannot be capital intensive. In other words, U.S. foreign aid programs can no longer build roads, factories. It's relatively soft programs geared specifically to meeting basic human needs.

And, you know, a lot of people in the government and outside think that this is a big mistake because, for example, like in southern Africa, some of these countries could very well use a new road system for economic development. You know, it interrelates to the distribution of their food, for example, but by law we can't do that anymore since 19... So that the projects are determined on the spot and they come to Washington, and then it's brokered out in the budget process. Obviously, there are many more projects every year than we can accommodate, so there's some regional balance and some balance among the categories that I mentioned.

QUESTION 4: What portion of the total aid is security assistance and what portion is development?

GARTEN: Last year's was about 50/50.

[inaudible comment from audience]

GARTEN: The question was the proportions of security assistance and development assistance, and I said last year it was about 50/50.

QUESTION 5: How much of our problem is caused by American geographic illiteracy? For example, [the] recent president of the United States referred to Afghanistan as an African country...

[laughs from audience member and GARTEN]

QUESTION 5: And a senator from the state of... a state senator from the state of Pennsylvania, recently referred to the great chocolate ranches in California, where Hershey got the chocolate. *[chuckles from audience]* I mean, these are common, you know?

GARTEN: Well, I think the more basic problem is that we're not used to living in a world where we have to pay attention to those kinds of details, and that, increasingly, you know, they're important to us. I venture to say that... what was that famous quote by... I think it was Teddy Roosevelt? Sent some ships out, and then he looked on a map and tried to figure out where they were going.

QUESTION 5: That was Panama.

GARTEN: Panama? He didn't know where it was?

QUESTION 5: I think it was before the revolution was supposed to happen.

[chuckling from audience]

GARTEN: You know, fifty years from now, it will be a much less common occurrence that people like ourselves are not familiar either with the geographical location of countries or the conditions there. I mean, it's all part of a shrinking planet.

QUESTION 6: Why do you feel that more of the [...] aid will go force development in the future?

GARTEN: Well, I think that there's a tremendous dissatisfaction in Congress and among the public with foreign aid, and that one major element of this is that foreign aid for political purposes is seen as being basically wasted money. That, you know, it's very difficult to show a relationship between money that you give a government to do something politically and the fact that it doesn't, I mean, inherent in that is you put the government in a very difficult position, even if it wanted to do something.

And secondly, I think that there is a major concern with development itself. You know, recognition that we do not have unlimited resources. That if we're going to use what we can most efficiently, it's better used for a long-term development program, even though we may sacrifice some foreign policy flexibility. And that this strategy of meeting basic human needs, you know, of addressing agriculture and population, this sort of thing, is much more comprehensible to the American public.

I mean, it makes sense. It looks as if... not just looks. It's a question of addressing the real global problems, and that's something everyone can understand. And it sort of bypasses the dilemmas that we talked about this morning of giving money to a government when that government does not have the kind of policies that you want. Very few people can argue with increasing

food production, whether it's a repressive regime or not. I mean people benefit from that. So I think that all of these trends are pushing us towards...

[program ends mid-sentence; about 4 minutes of silence at end of tape]