



WHY GLOBAL DEVELOPMENT MATTERS FOR THE U.S.

WHAT IS GLOBAL DEVELOPMENT?

Development refers to improvements in the conditions of people's lives, such as health, education, and income. It occurs at different rates in different countries. The U.S. underwent its own version of development. When it became an independent nation in 1776:

- The average American earned about \$1,000 a year in today's dollars, compared with \$30,000 today.
- One in five children died before their first birthday, compared with about one in 143 today. Less than 50% of white children, and almost no black children, went to school; today almost all American children finish primary school.
- On average, Americans were about four times richer than the people of the world's poorest countries; they are 100 times richer today.

Poor countries have experienced improvement as well. Over the past 50 years, there has been more progress in reducing poverty and improving health and education than at any other time in history. Over this period:

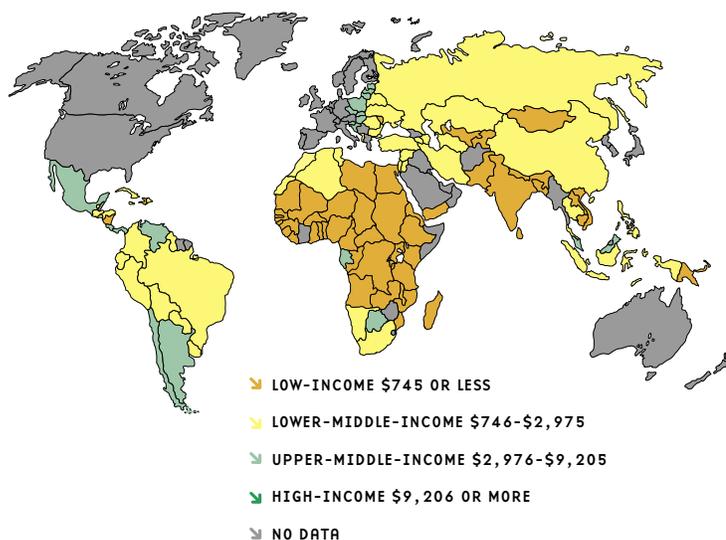
- Diseases such as smallpox and river blindness that formerly afflicted millions of people a year, often causing disability and death, have been virtually eradicated.
- The average life expectancy worldwide has increased from 47 years in 1955 to 65 years in 2005.
- Many more children attend school. In Sub-Saharan Africa today, 66% of adults have had some formal schooling, up from 28%. In Latin America the average number of years of schooling has risen from 3 to 6 years and in Asia the average number of years has risen from 3 to 9.

- Incomes in poor countries have tripled (compared with a 13-fold increase in Western Europe and a 17-fold increase in the United States).

Yet, much remains to be done. People in many countries do not have access to basic things that Americans take for granted.

- Every year, 11 million children die before their fifth birthday from chronic hunger and related diseases. In addition, 14 million children worldwide have been orphaned by AIDS.
- More than 1 million people a year die from malaria, a preventable disease that has been virtually eradicated in rich countries.
- In India and Pakistan, less than half of adult women can read.

FIGURE 1
WHERE ARE THE “DEVELOPING COUNTRIES”?
AVERAGE INCOME PER PERSON, 2003



Source: World Bank, 2003

- In Ecuador, only one in four poor families have access to running water.
- In Kenya, only 12% of roads are paved, making it hard for farmers and manufacturers to sell their products in national markets, let alone in global markets.

WHY IS GLOBAL DEVELOPMENT IMPORTANT FOR THE U.S.?

Today the world is more interconnected and interdependent than ever. It is in the U.S.’s interest to help the world’s citizens acquire skills and resources to shape their own economic and social development. Why?

AMERICAN VALUES:

The United States was established on the ideals of life, liberty, and the pursuit of happiness. The

underlying values—relieving human suffering, providing economic and educational opportunity, and supporting human rights and democracy—have been reflected in foreign policy since the founding of the republic.

NATIONAL SECURITY:

Poverty, ill-health, and lack of economic opportunity do not lead directly to conflict, crime, or terrorism, but they create conditions that are hostile to peace and stability, and they leave fragile countries vulnerable to conflict, criminal networks, terrorists, illegal arms dealers, and other destabilizing forces.

ECONOMIC STRENGTH:

Trade is an increasingly large part of the U.S.’s economic strength. Over the past 40 years, trade has tripled as a portion of the national economy. Almost 45% of U.S. exports go to developing countries, which means that our economic well-being depends directly on their citizens’ ability to purchase goods from the U.S.

HOW CAN THE U.S. SUPPORT GLOBAL DEVELOPMENT?

A comprehensive foreign policy that makes development a priority would include:

DEVELOPMENT ASSISTANCE:

The U.S. allocates less than 1% of its federal budget to assistance for other countries. These funds are used for a variety of purposes, including helping

WHAT AMERICANS THINK

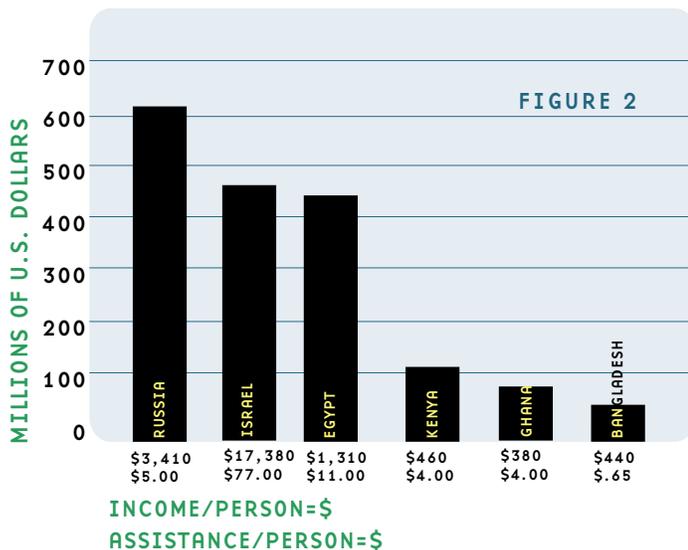
- On average, Americans think that the U.S. spends 24% of the federal budget on development assistance, and they would prefer that only 10% be spent in this way. In reality, the U.S. dedicates less than 1% of total federal spending to development assistance.
- Over half (53%) of Americans support the growth of global trade in principle, but are not satisfied with the way the U.S. government is dealing with the effects of trade on American jobs, the poor in other countries, and the environment.
- More than three-quarters (78%) of Americans favor helping poor countries develop their economies as a favorable way to fight terrorism.

Sources: *Americans on Foreign Aid and World Hunger: A Study of U.S. Public Attitudes*, Program on International Policy Attitudes, 2001; *Americans on Globalization, Trade, and Farm Subsidies*, Program on International Policy Attitudes, 2004

countries build roads, educating children, fighting health crises, building small businesses, recovering from natural disasters, instituting government reforms, and supporting strategic alliances.

- In 2005 the U.S. gave \$27.5 billion, up from \$17.8 billion in 2003, in development assistance to other countries, which amounts to about \$92 a year, or 25¢ a day, for each American. In comparison, the average American spends more than twice as much (\$224 a year) on carbonated soft drinks.
- The largest recipients have historically been our strategic allies. In 2005 the U.S. gave Iraq more than \$10 billion. The poorest countries, where people earn \$2 a day on average, receive about \$3 per citizen each year from the U.S. in development assistance (see Figure 2).

U.S. DEVELOPMENT ASSISTANCE FOR SELECTED COUNTRIES



Source: Data from OECD, Development Assistance Committee 2003. To learn more about U.S. development assistance, see the Rich World Poor World brief “U.S. Assistance for Global Development.”

TRADE:

Americans participate in global trade by selling our products abroad and by buying products made in other countries. This helps create jobs and supports economic development in poor countries. U.S. trade policies limit the potential for global development in several ways:

- The highest trade barriers (tariffs and quotas) the United States has are on imports made predominantly in poor countries—agricultural goods, textiles, footwear, and other light industry goods, the production of which is the first step to job creation and economic growth.
- U.S. Department of Agriculture subsidies to American producers topped \$150 billion from

QUESTIONS ABOUT THE U.S. AND GLOBAL DEVELOPMENT

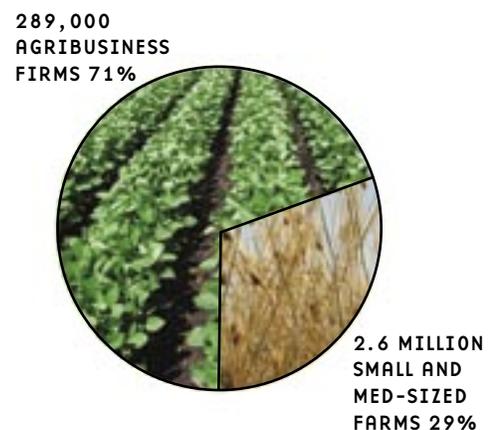
If you think global development is important for the United States, talk with your friends, neighbors, civic leaders, elected officials and candidates about it. Here are some questions to get you started:

- 1 What can you do to address the underlying causes of global instability that threaten our national security, such as poverty and lack of economic and social opportunities in poor countries?
- 2 The U.S. cannot solve the world’s problems alone. How will you work with other countries in the fight against global poverty?
- 3 How will you ensure that U.S. policies for development are not working at cross-purposes? For example, assistance to help increase agricultural productivity in poor countries is undermined by subsidies to our own farmers.
- 4 What would you do to provide incentives for U.S. companies to invest in innovations that are particularly relevant and urgent to developing countries—for example, AIDS and malaria medicines?

1995 to 2005, and the majority of these funds went to big agribusiness firms (see Figure 3). These subsidies, along with tariffs on agricultural imports, make it hard for the world’s poor—70% of whom live in rural areas and rely on agriculture for their livelihoods—to compete in global agricultural markets.

To learn more about this topic, see the Rich World, Poor World briefs “Global Development and Trade” and “Global Trade, Labor Standards, and Jobs.”

FIGURE 3
U.S. AGRICULTURAL SUBSIDIES: BIG WINNERS
DISTRIBUTION OF 1998 – 2003 USDA SUBSIDIES



Source: Environmental Working Group Farm Subsidy Database

DEBT RELIEF:

One of the great development successes of recent years has been the Heavily Indebted Poor Country (HIPC) initiative, an effort to relieve the financial and social burdens caused by high levels of debt in poor countries.

- The U.S. has joined 24 other rich countries and 21 multilateral institutions in forgiving the debt of poor countries that qualify under the HIPC initiative.
- Of the 38 HIPC-eligible countries, 28 are receiving relief—enabling, for example, Mozambique to immunize a half million more children, Honduras to offer three more years of schooling, and Uganda to hire more teachers and buy more textbooks.
- Rich countries agreed to a new \$40 billion round of debt relief for 18 of the world's poorest countries in 2005, but even with debt relief many poor countries remain susceptible to “shocks” like falling export prices and natural disasters.

PRIVATE SECTOR ACTIVITY:

The private sector in the United States contributes to the strength of the U.S. economy, which helps poor countries by providing a strong market for their goods and services. The private sector can support development through other means as well:

- **Foreign direct investment:** From 1995 to 2004, an average of \$28 billion a year of foreign direct investment (FDI) flowed from the U.S. to developing countries. American firms directed FDI to a variety of activities, including building factories for manufacturing, opening banks to offer financial services, and exploring for oil. FDI has a mixed record on development. In many instances it has created jobs or boosted a country's exports, although it has sometimes contributed to corruption or environmental degradation.

INNOVATION:

U.S. companies invest in innovative technologies, such as agricultural techniques, communications systems, and medicines that can be used to support development abroad. For example:

- A U.S. pharmaceutical company has created and agreed to indefinitely donate a drug to treat 60 million people for river blindness in Sub-Saharan African countries where the disease has not been eradicated. Despite this groundbreaking initiative, controversy continues over the prices that U.S. and multinational companies charge for other life-extending drugs, such as those used to treat HIV/AIDS.

To learn more about how the U.S. compares with other rich countries on development, see the Commitment to Development Index at www.cgdev.org

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