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A Wise Policy Under Assault

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IT IS well known among development experts that the official aid program of the United States, channeled primarily through the Agency for International Development, is hampered by the need to meet the short-term requirements of the Reagan administration.

Development aid funds have consistently been employed to reward governments which complied with Washington's policies and have been equally consistently withheld from those which didn't. More importantly, the aid is almost always channeled to governments, seldom to the people.

So it is not surprising that, despite the billions of dollars allocated to foreign aid during the last three decades, the U.S. development program has been unsuccessful in promoting popular welfare in most Third World nations. In Latin America, even those countries which enjoyed sustained economic growth for several years, such as Brazil and Mexico, experienced an increase in economic inequality. As a consequence, the already precarious living standards of their poor deteriorated further.

During the late Sixties, some congressmen concerned with social conditions in Latin America wanted to create an aid instrument independent of short-term political considerations. Legislation established the Inter-American Foundation (IAF), a non-partisan agency dedicated to promoting grassroots projects in the hemisphere. In the words of one of its founders, the new agency was committed to helping the poor help themselves by making small contributions directly to popular organizations. Operating with a budget a fraction of those of the other development agencies, the foundation sought to circumvent the official "development set" and use popular initiatives — such as rural cooperatives, small business ventures and self-help housing projects — which could benefit directly from small investments.

The philosophy and goals of IAF attracted a highly qualified and committed staff. With a total budget never exceeding \$27 million, its administration had to be trim. Originally viewed with suspicion in Latin America as a potential vehicle for political pressure or even CIA activities, it gradually won the confidence of grassroots organizations, unions and small-business groups. The absence of patent political motives and the ability to bypass ineffective government bureaucracies were the principal tools employed by the foundation to

gain acceptance among the poor. An IAF grant of a few thousand dollars could often make the difference between survival or failure of a peasant cooperative or a shantytown construction project affecting hundreds of families.

A statement frequently heard from Latin American political leaders is that the foundation has done more to promote popular goodwill and a positive image of the United States during its 15 years of existence than the rest of the U.S. development establishment with much greater resources.

Until recently, the president of IAF was Peter Bell, a man widely respected among development experts both in Latin America and the United States. Mr. Bell lived for extensive periods in several Latin American countries as a Ford Foundation official and was intimately familiar with the social and political realities of the region. Under his leadership the foundation's popular self-help program expanded and diversified to include organizations concerned with the development of local talent and the support of democratic institutions.

Shortly after the inauguration of the Reagan administration, the Heritage Foundation, a right-wing think tank, published a report which indicted the Inter-American Foundation for supporting Communist-inspired organizations. The principal crime committed by the IAF seems to have been approval of several grants to church-sponsored human rights organizations and independent research centers operating under dictatorial regimes.

Yet the rationale for the grants was well within the limits of IAF's mandate. Human rights groups of Christian inspiration and independent research centers emerged in Latin America both to monitor the activities of authoritarian government and to provide a high-level critical analysis of its economic policies. The latter have a decisive effect on the survival possibilities of the poor. Organizations supported by the Inter-American Foundation invariably involved individuals favoring the return of democratic institutions. These groups lead a precarious existence, surviving only through external support. That support comes from development agencies of other governments, such as those of Canada, Sweden and Holland, as well as church-sponsored private charities in Western Europe. The modest IAF grants often provided the only American presence in the vital task of keeping these independent organizations alive.

The Heritage Foundation report, prepared by a former CIA official, contained so little evidence in support of accusations of Communist influence that it was promptly dismissed by congressional leaders and the press. Far more serious were administration demands for the resignation of IAF's entire leadership, a challenge that was defeated at the time only because of the autonomy of the foundation and its strong bipartisan support in Congress. Since its beginnings, the foundation has received the endorsement of Republicans and Democrats alike. Support of IAF includes both of Maryland's senators as well as most Maryland representatives. Representative Michael Barnes, head of the House Subcommittee on Latin American affairs, has been a consistent advocate of the style of development aid embodied in IAF.

Despite being thwarted in its initial efforts, the administration did not give up the attack. Its subsequent strategy is similar to that adopted against the U.S. Civil Rights Commission. The next step consisted in packing the IAF board of trustees with Reagan nominees, individuals naturally hostile to the foundation's philosophy. Victor Blanco, a California businessman whose only qualification for the job seems to be his support of Republican candidates, was appointed chairman of the board. Eventually, the Reagan trustees formed a majority. Even then, they were prevented from acting because of sentiment in Congress that the foundation should be kept free of short-term politics. The final move by Mr. Blanco and his associates is a telling one: They simply waited until Congress was in recess to fire Mr. Bell. The vote followed strict partisan lines with only the Reagan appointees voting for removal.

The Inter-American Foundation was an intelligent initiative. Even if U.S. policy concerns were limited to neutralizing extreme-left movements, the agency fully justified itself. It reached toward and developed lasting relationships with popular groups, consistently neglected by the official development establishment. In doing so, it was able to sense, at close range, the social currents and the levels of popular discontent and mobilization in each country. The benefits of these grassroots activities for the United States extended, however, well beyond reliable information. With very modest resources, IAF representatives were able to help directly thousands of poor people who otherwise would never see a cent of American aid funds.

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