

U.S. foreign aid hinders more than it helps

By DOUG BANDOW

SEATTLE — The United States will run up a record \$1.65 trillion deficit in 2011. Yet Washington keeps subsidizing foreign governments. House Republicans have targeted foreign aid. This year the State Department would lose 16 percent of its budget; humanitarian aid would drop by 41 percent.

Secretary of State Hillary Clinton warns of catastrophe: "Cuts of this magnitude will be devastating to our national security, will render us unable to respond to unanticipated disasters and will damage our leadership around the world." Moreover, the proposed reductions will be "detrimental to America's security."

Even some conservatives stand with Clinton on this issue. For instance, Jennifer Rubin, The Washington Post's in-house blogger on the right, termed Sen. Rand Paul, a Kentucky Republican, a "neo-isolationist" for proposing to cut what amounts to international welfare.

Despite Clinton's extravagant claims, there is little evidence that foreign assistance advances U.S. interests. The U.S. provided some \$30 billion to Egypt over the last three decades, but the country remains poor and undemocratic. Indeed, aid to the corrupt Mubarak dictatorship helped turn Egypt into popular volcano.

Pakistan has been on the U.S. dole and performing disastrously for decades. The waste, inefficiency and corruption surrounding humanitarian projects in Afghanistan and Iraq are legendary. What of the \$27 billion in so-called development assistance requested for next year? These outlays have had no discernible impact on Third World economic growth.

No doubt some projects in some countries have provided some benefits. But there is no correlation between aid and growth. Indeed, generous financial transfers to corrupt dictators often have impeded necessary reforms.

Aid advocates now claim to do better. President George W. Bush created the Millennium Challenge Corporation to reward governments

with good policies. Yet, reported the Washington Times last August, the agency "is giving billions of dollars to nations upbraided by the State Department for corruption in government."

The World Bank also has emphasized better governance. However, reported Tom Porteous, the London director of Human Rights Watch, "multibillion dollar programs funded by the World Bank and others have been politicized and manipulated by the Ethiopian government and are used as a powerful tool of political control and repression." Aid incentives are all wrong.

The international dole has created long-term dependency and discouraged reform. Even humanitarian aid has a disappointing record. Six months after the earthquake in Haiti, reported the Wall Street Journal, "the process of reconstruction appears to have come to a halt." U.S. "Food for Peace" shipments, used to dump farmers' domestic surpluses, are notorious for ruining local farmers and thus undermining local production. This problem continues in Haiti.

On returning from a private aid mission, Don Slesnick, the mayor of Coral Gables, Florida, complained: "We were saddened to see rice bags travel no more than 20 (meters) from the gates of the distribution site before ending up in the back of a pickup truck presumably headed for the black market. To our further dismay, we returned home to read news stories that those very same donations were undercutting Haitian rice farmers who needed income to support their own families."

Worse is Somalia. Reported the New York Times last year: "As much as half the food aid sent to Somalia is diverted from needy people to a web of corrupt contractors, radical Islamist militants and local United Nations staff members."

Two decades ago Michael Maren worked with private aid organizations in Somalia and concluded: "Separately we'd arrived at the conclusion that the relief program was probably killing as many people as it was saving, and the net result was that Somali soldiers were supplementing their income by selling food, while the [insurgent force] — often indistinguishable from the army — was using the food as rations to fuel their attacks into Ethiopia."

Washington and other industrialized nations, like Japan, should reconsider the aid business. Financial transfers rarely are necessary for the West's defense. The Cold War is over and America's allies, including regional powers Israel and Turkey, should have graduated from U.S. assistance years ago.

Most Third World nations are tangential at best to American or allied

security. While it's harder to criticize humanitarian aid, private money spent by private organizations is the best way to help those in need around the world.

As for economic development, officials in wealthy industrialized nations should focus on improving their own economic policies and easing access of other nations to the international marketplace.

Despite foreign aid's abysmal record, the Obama administration continues to back the program. Clinton should listen to her own rhetoric: "It's time to retire old debates and replace dogmatic attitudes with clear reasoning and common sense."

One of those dogmas is the assumption that foreign "aid" acts as assistance rather than hindrance. With America drowning in red ink, Washington must cut unnecessary programs. So must its friends and allies. Misnamed foreign aid is a good place to start.

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