

Bush points U.S. aid in the right direction

By Carol Graham & Michael O'Hanlon
Los Angeles Times Service

Just as President Richard M. Nixon was able to use his conservative credentials to fend off critics and go to China, President Bush has just announced a policy change that Republicans have opposed for years but that is long overdue.

Starting next year, Bush intends to expand U.S. development aid for poor countries, eventually reaching \$15 billion annually, or about a 50 percent increase from current levels. He would channel that additional assistance to countries that have adopted sound economic policies.

For years, critics of aid have argued that most assistance to the developing world is wasted. No one has quarreled with immunizing children or helping refugees, but many have disputed the notion that foreign aid can work more generally.

The critics' case was supported by studies that found weak links between aid flows and growth and by the fact that most of the African nations and many other countries that have received aid remain mired in poverty. As a consequence, U.S. foreign aid dropped to the lowest level of any industrial country, measured as a percentage of gross domestic product.

However, critics have been distorting the record on aid. Accomplishments in the realm of immunizations and other basic health and education efforts have been remarkable, as shown by improved child survival statistics, life expectancy and literacy rates worldwide, with the exception of a few extremely poor countries. The same studies that find no general link between aid flows and growth also find that aid fosters economic growth when given to countries with prudent fiscal policy, open trade regimes, sound institutions and relatively clean government.

Aid is not a huge drain on the U.S. taxpayer. Half a penny of each federal dollar is spent on foreign assistance.

Finally, Sept. 11 illustrated that the fate of people in poor countries does matter to U.S. citizens. Granted, neither the Sept. 11 hijackers nor the top leaders of al-Qaida were poor. But many al-Qaida recruits are among the disenfranchised and unemployed of their societies. And al-Qaida has used the

territories of failed states such as Afghanistan, Somalia and Sierra Leone for its training bases, weapons production facilities, safe havens and sources of illicit income.

Aid alone cannot turn these societies around overnight. It can, however, help.

Critics of aid counter that international capital markets, which have greatly increased the resources available to developing countries in recent years, now play the role that aid used to—making official assistance unnecessary. That argument ignores the fact that 95 percent of all private capital going to the developing world flows to 20 countries. The other 150 or so, including most of the world's poorest nations, share the remaining 5 percent.

Others argue that high-profile aid programs to advance Mideast and Balkan peace efforts, secure Russia's nuclear weapons or help Colombia wage the drug war remain strong and that no additional increases in aid are necessary. Yet these programs have taken the lion's share of our assistance funds while most other programs have been neglected.

In addition to the linkages between poverty and terrorism, persistent poverty is usually accompanied by other worrisome trends, such as unchecked population growth and worsening long-term challenges to the world's environment and resources, as well as human suffering. Addressing these concerns serves moral, economic and environmental priorities as well as American security interests.

Although Bush's work is far from done, he has made one of the most important pronouncements on foreign aid by a U.S. president in more than 20 years, pointing U.S. policy in exactly the right direction.

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Korea Herald, April 13, 2002