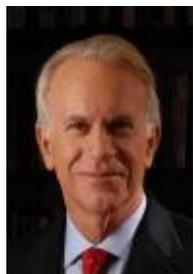


## Foreign Aid: The Good And Bad

Apr. 8 2011

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Faced with cutting government spending to reduce record debt, politicians have found a popular target. After reviewing respondents' reaction to a list of budget reductions — including defense, education, food stamps and cultural programs — ABC News-Washington Post pollsters found that “the only

possible federal spending cut a majority favored was for foreign aid.” But not so fast. Support to foreign governments has become more strategic in recent years, and much of it serves important purposes. As David Rothkopf writes in *Foreign Policy*, this is “just the moment when aid is most critical on initiative of vital national security from fighting terror to stabilizing the Middle East to winning support for the U.S. in regions where our rivals are spending furiously to tip the scales in their favor.”

One of those regions is Africa, where China is trying to make friends and influence people. The U.S. has spent billions of dollars — the largest single government effort to fight international disease — to help Africans overcome epidemics of AIDS and malaria. It's the right thing to do in a moral sense, but it also advances U.S. public diplomacy and national security. Tens of millions more African orphans would add to instability on a pivotal continent.

Additionally, economic aid to Afghanistan makes that troubled nation — and erstwhile terrorist launching pad — more secure and ultimately protects U.S. military personnel. And aid to Haiti helps a neighbor in terrible distress.

Consider the work of the Millennium Challenge Corporation, launched with bipartisan support in 2004 and currently spending about \$1 billion a year. The MCC's mission, according to its fiscal 2012 budget proposal, is “to reduce poverty through investments promoting growth in poor countries that create and maintain sound policy environments.”

The MCC provides funding for projects in nations that demonstrate a commitment to such goals as free markets and a corruption-free bureaucracy. The program has scored major successes in such countries as Tanzania, where road, water, and sanitation projects have helped 5 million people, with an estimated economic gain of well over \$1 billion.

Some foreign aid, however, is far more questionable. For instance, why should U.S. taxpayer dollars flow abroad to projects that are so distasteful at home that they can't get support here?

An example is a program to spend tens of millions of dollars in Indonesia to try to “reduce the threats of deforestation and climate change and help to conserve the country's tropical forests, wildlife, and ecosystem processes,” according to a White House fact sheet. The program is backed by such aggressive Green groups as WWF and Greenpeace, and no wonder.

Cap-and-trade and similar climate change legislation could not get through the U.S. Congress for the simple reason that their potential benefits were outweighed by

their significant economic costs. But the expensive experiment continues, with U.S. taxpayer funding, in Indonesia. If anything, the costs of such policies are even higher in Indonesia, where they harm the livelihoods of poor farmers, than in the United States.

Since 2006, the MCC has provided aid to help Indonesia,



the world's largest Muslim nation, strengthen its judiciary and government procurement system and to institute a nationwide immunization program for five million

children. That sort of aid makes sense. Now, unfortunately, assistance to the country is being shaped by rejected ideology. This is precisely the kind of foreign aid that American taxpayers *should* be concerned about.

The Indonesia funding is part of a \$1 billion pledge, offered in November by Agriculture Secretary Tom Vilsack, to “slow and reverse deforestation in the tropics.” But in Indonesia, at least, “deforestation” is often a politically charged term that means substituting one kind of planting for another.

The bone of contention is that some Indonesia farmers are converting forested lands to productive agriculture use. That is a change that helps boost the Indonesian economy, and, as decades of history have shown, the single most important factor in an improved environment is a robust economy.

Wealth makes health. In his 2004 book *The Real Environmental Crisis: Why Poverty, Not Affluence, Is the Environment's Number One Enemy*, Jack Hollander, professor emeritus of energy and resources at the University of California at Berkeley, powerfully demonstrates the link between poverty and environmental degradation. It's obvious to anyone who sees charcoal being burned as fuel in Uganda or dried dung in rural China.

The best kind of U.S. aid, like most of the work of the MCC, seeks to build economic growth in poor countries by strengthening health care, education, and governmental and physical infrastructure. Economic growth in developing nations helps the United States by increasing stability in those countries, contributing to more vibrant trade in both directions and, in fact, producing a cleaner environment.

If, however, programs like the one for Indonesia prevail, then “poor people in the developing world will be subject to lower economic growth rates and see larger percentages of their income devoted to energy costs,” wrote Niger Innis of the U.S.-based Congress of Racial Equality last month. “This means they will have less to spend on education, food, shelter, and other staples.” Washington budget cutters should not slash foreign aid mindlessly, but they would do well to target for extinction aid that harms economies and is based on a philosophy that can't pass muster among the American people.