University of California, Santa Barbara

Political Science Department

Fumbling with Foreign Aid:

A Taxing American Foreign Policy Issue

Kylie Zaechelein

June 7, 2017

Political Science 127 – American Foreign Policy

“Foreign aid is a method by which the United States maintains a position of influence and control around the world.” While John F. Kennedy may have been correct when he made that statement, the United States has changed a lot since then. With an increasing national debt, fluctuating economy, volatile job market, highly polarized political parties, and inability to combat stateside terrorism, the United States fails to exemplify domestic control. The United States is judged for all of its decisions and involvements, including the allocation of funds to foreign countries. The allocation of funds to foreign countries, known as foreign aid, is largely directed toward changes of development in underprivileged countries. As pointed out by Moosa Elayah (2016), an ongoing extensive discussion has been repeatedly occurring in the media on the lack of effectiveness of foreign development aid for several decades now. These discussions may be what have contributed to the contradictory conclusions made in regard to what reasonable and acceptable justifications are for granting assistance abroad. One of the biggest challenges facing the United States today in regards to foreign affairs remains the ineffectiveness of foreign aid interventions in developing countries. By developing levels of need, incorporating financial caps, and formulating an objective with an end goal before involving itself in another country’s affairs, the United States can rethink foreign aid contributions to make them more effective and worthwhile.

To understand why foreign aid remains an important foreign policy issue, the concept first needs to be defined. Foreign aid can be defined as money, materials, services, or other resources given or lent by one country to another. Elayah (2016) highlights that financial donations are often put toward economic aid, military growth, security, and political aid for unstable nations. Bovard (1986) states that “foreign aid programs have been perpetuated and expanded not because they have succeeded, but because giving foreign aid still seems like a good idea.” Unstable nations require assistance to develop their economies in order to become self-sufficient and partake in successful trade negotiations in the future. Due to their unstable nature, developing countries use a portion of the financial aid to build up their militaries in order to provide security to their country from foreign threats. Elayah (2016) also states that “a large part of the aid programs have been directed to facing the challenges of development, and to fighting poverty by implementing programs to develop the required human resources to intensify the capacities of governmental institutions and the various civil society organizations in the recipient countries.” There is no doubt that third world countries need assistance in order to become self-sufficient nations; however, a definitive line needs to be drawn.

In March of 2017, President Donald Trump issued an executive order on a comprehensive plan for reorganizing the executive branch. The Office of the Press Secretary (2017), released President Trump’s executive order, “intended to improve the efficiency, effectiveness, and accountability of the executive branch by directing the Director of the Office of Management and Budget” to propose a plan to reorganize governmental functions and eliminate unnecessary agencies, components of agencies, and agency programs. Within the budget blueprint, America First, set forth by the Office of Management and Budget, President Trump included a message claiming that the budget consists of a reduction strategy. President Trump (2017) writes, “Our Budget Blueprint insists on $54 billion in reductions to non-Defense programs. We are going to do more with less, and make the Government lean and accountable to the people. This includes deep cuts to foreign aid. It is time to prioritize the security and well-being of Americans, and to ask the rest of the world to step up and pay its fair share” (2). While President Trump’s vision to strengthen the United States by withdrawing financial support from other countries may seem beneficial, the United States still needs to find an alternative way to maintain foreign allies and help countries who cannot help themselves.

The goal of the America First budget outline is to take steps to advance the national security interests of the United States and ensure that all foreign funding is essential and productive. As part of the $54 billion reductions, the Office of Management and Budget (2017) states that “the Budget seeks to reduce or end direct funding for international organizations whose missions do not substantially advance U.S. foreign policy interests, are duplicative, or are not well-managed” (33). These steps to reduce foreign assistance are intended to free up funding for critical priorities domestically, which would in turn put America first. The Office of Management and Budget (2017) also lays out that the President’s 2018 budget would shift some foreign military assistance from grants to loans in order to reduce costs for the U.S. taxpayer, while potentially allowing recipients to purchase more American-made weaponry with U.S. assistance, but on a repayable basis (34). While this policy takes an initial step in reducing unnecessary foreign aid spending, the plan is too vague and fails to create a long term solution.

The United States Agency for International Development (USAID) is the leading governmental agency in the United States that works to end global poverty and help countries become self-sufficient. Bryant Harris (2017) writes how President Donald Trump’s vow to put America first “includes a plan to drastically cut assistance to developing countries and merge the State Department with USAID.” These two actors are essential in the discussion of foreign aid. While cutting assistance to developing countries and merging the two government organizations together could save the United States money, there is still no solution in place for providing aid to countries in need. Mina Chang (2017) begins her article by mentioning common remarks made by Americans when asked about foreign aid such as, "let them take care of their own problems" and "we have enough problems in our own backyard!" (1). The vast public opinion remains against foreign aid. Peter Moore (2016) noted that 51% of Americans believe that the U.S. gives too much in foreign aid, while only 9% think that the U.S. should give more to developing countries. These remarks exemplify that many Americans agree that foreign aid is an issue, and the United States government should focus its time, effort, and resources on domestic issues. Harris (2017) also found that the budget proposal plans to slash aid to developing countries by over one-third and reallocate funding from development assistance into a program that is tied closely to U.S. national security objectives. Overwhelming research indicates that national security is an important issue that Americans take seriously. However, by only assisting national security objectives that directly benefit the United States, and not developing infrastructure within these impoverished nations, there is a significant chance that the country would remain unstable if assistance were to be withdrawn.

A significant goal of foreign aid is to end poverty in underprivileged nations. Daron Acemoglu (2014) writes that “the idea that large donations can remedy poverty has dominated the theory of economic development since the 1950s.” Yet, the results have not shown that monetary donations are successful in solving poverty in developing countries. While studies have shown that millions of people have escaped abject poverty around the world over the past six decades, data analysis shows that has had little to do with foreign aid. When economic institutions purposefully block the incentives and opportunities of poor individuals to benefit themselves, poverty is created. Acemoglu (2014) noted that the decrease of poverty was due to economic growth in countries in surrounding areas which received little aid. The idea is that when one individual prospers, those around will prosper as well. Former United Kingdom Prime Minister David Cameron had an idea that long-term development of underprivileged areas through aid only happens if there is a ‘golden thread’ of stable government, lack of corruption, human rights, the rule of law, and transparent information. Acemoglu (2014) writes that promoting Cameron’s golden thread means “using not just aid but diplomatic relations to encourage reform in the many parts of the world that remain in the grip of extractive institutions.” By using financial and diplomatic influence, a stable country can help create room for lesser institutions to grow.

For example, with respect to the relationship between the United States and Egypt, it is widely known that this relationship, deeply rooted in both security and military issues, is crucial to American national security and its policies in the region. During the U.S.-Egypt Strategic Dialogue held in August 2015, the United States and Egypt affirmed the importance of a strong bilateral relationship. According to Foreign Assistance (2017), the United States plans to give over $1.4 billion to Egypt in the fiscal year of 2017. By providing assistance to Egypt, the United States is able to help Egypt defeat terrorists and extremist groups, as well as foster economic growth and respect for human rights in the area.

A database compiling all of the information regarding how much foreign aid the United States is distributing emphasizes the lack of follow through with the current policies and systems implemented by the United States government. Foreign Assistance (2017) detailed that “the United States will focus Foreign Military Financing (FMF) programs on improving Egypt's ability to combat terrorism and protect its borders and the Economic Support Fund (ESF) assistance will focus on programs that promote health, education, good governance, and economic growth.” By rebuilding public confidence in the criminal justice system will reinforce Egypt's long-term stability and efforts to reduce drivers of violent extremism.

While the source provides an adequate definition of an objective, it fails to establish a timeline or specific end goal, exemplifying how long the United States will remain financially involved in Egypt. When the United States withdraws or even reduces financial support to Egypt, there is no assurance that Egypt will remain stable and self-sufficient. To use Egypt as an example, Egypt’s needs right now include food security, macro-economic reform, and programming in the health sector. Foreign Assistance (2017) notes that in 2016, the United States provided $1.38 billion for the year, and in 2017, the United States is projected to provide $1.46 billion in foreign aid. If the United States were to slash aid by one third, as mentioned in President Trump’s “America First” proposal, then the United States would only be providing about $348 million in foreign aid, formulating an adequate cap at around $350 million. A constructive and mutually beneficial end goal would be creating a self-sufficient agricultural system in Egypt to ensure that the country will no longer require aid on that issue. By having a consistent food source, citizens will be healthier causing them to be able to participate in the economy to further help the nation as a whole. As a donor and evident factor to the success of Egypt, the United States benefits by retaining its status as a reliable and powerful ally. Therefore, the United States needs to develop levels of need, incorporate financial caps, and formulate an objective with an end goal before involving itself in another country’s affairs.

By rethinking foreign aid contributions, the United States can work to make its financial donations more effective and worthwhile. To appease American citizens as to why the United States is donating money to a specific country, the United States government, along with the United Nations (UN), should develop levels of need of underprivileged countries. Levels of need would separate countries into brackets based on their economic stability, poverty levels, threats of terrorism, and many additional factors. By analyzing the level of need of a particular country, the United States can be more informed on how much involvement is needed. In addition, financial caps should be incorporated in order to prevent any one country from donating too much money. Financial caps, such as 10% of projected costs, for example, could halt over-spending in foreign countries. Ana Swanson (2015) presents Angus Deaton’s opinion on foreign aid, “‘Who put *us* in charge?’ he asks.” Nobel-winning economist, Angus Deaton argues that the United States should stand aside and let poorer countries develop in their own ways. If the United States has no objective and end goal before involving itself in another country’s affairs, then the United States has no business being there in the first place. By integrating all of these solutions to the United States government’s foreign policy plan, the government can be more confident about the effectiveness of foreign aid.

However, these solutions can only be implemented successfully when all other actors and agents involved are working together. John Kingdon (2003) explains with his “Three Streams” model, that any policy can be understood through how the problem has been defined, how the policy solution came about, and how the political interests and institutions shape it (166). When these three streams come together and when an inciting incident, like a focusing event, triggers the opening of a policy window, the three streams can flow through and allow for successful enactment. Kingdon (2003) explains that a focusing event is an event that generates significant media attention, which in turn increases the likelihood that the issue gets on the political agenda (169). While no recent drastic incident has occurred nationally in regards to foreign aid, there are pertinent issues occurring domestically that cause people to question the necessity for the United States to give foreign aid. Many political interests and institutions are involved in a foreign policy issue like foreign aid. Formal and domestic actors, such as the President of the United States, Congress, the UN, and any underprivileged country being considered for foreign aid at the time, would all be involved. As an apparent unilateral President, Donald Trump could implement additional conditions to his “America First” budget plan without support from supporting nations.

While foreign aid could be argued as a strategic investment and a sign of a stronger America abroad, the way that aid is currently distributed resembles charity. Morally, helping those in need appears to be the right thing to do. Yet, if the right thing is done for the wrong reasons, the action is then called into question. Providing financial aid in foreign countries paints the United States as a generous nation, willing to help those in need. However, the national debt the United States holds is not a secret. With a large amount of national debt, a disorganized health care system, and a fluctuating economy among other domestic social issues, many would question as to why the United States appears more interested in solving issues in other countries rather than at home. By throwing money at impoverished countries, the United States easily shows its support to other countries around the world, preserving its image of being a reliable ally. With a more stable structure in place for distributing foreign aid, the United States can better justify the allocation of money to countries in need, while still maintaining positive diplomatic relations, as well as its reputation as a reliable and generous ally. Implementing financial caps on how much financial aid can be donated to a deserving country or cause will alleviate the strain put on any one country to assistance another nation. Finally, through the formulation of a concrete objective and definite end goal before becoming involved with a foreign country, the United States can ensure that its involvement with each country is justified, meaningful and effective.

References

Acemoglu, Daron, and James A. Robinson. “Why Foreign Aid Fails – and How to Really Help Africa.” *The Spectator.* Web. 25 Jan. 2014

Bovard, James. “Cato Institute Policy Analysis No.65: The Continuing Failure of Foreign Aid.” *Policy Analysis.* 31 Jan. 1986.

Chang, Mina. “What’s the Real Value of U.S. Foreign Aid?” *CNN.* Web. 20 May 2017.

Elayah, Moosa. “Lack of Foreign Aid Effectiveness in Developing Countries Between a Hammer and an Anvil.” *Contemporary Arab Affairs.* Vol. 9. Issue 1. Pages 82-99. 13 Jan. 2016.

“Foreign Assistance in Egypt.” ForeignAssistance.gov. Web. 2017

Harris, Bryant, Robbie Gramer, and Emily Tamkin. “The End of Foreign Aid as We Know It*.*” Foreign Policy. 24 April 2017.

Kingdon, John W. *Agendas, Alternatives, and Public Policies.* New York: Longman. 2003.

Moore, Peter. “Foreign Aid: Most People Think America Gives Too Much Anyway.” You Gov. Web. 11 March 2016.

Office of Management and Budget. *America First – A Budget Blueprint to Make America Great Again*. 2017.

Office of the Press Secretary. *Presidential Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch.* The White House. 13 March 2017.

Swanson, Ana. “Why Trying to Help Poor Countries Might Actually Hurt Them.” *The Washington Post.* Web. 13 Oct. 2015.