



# IDSS COMMENTARIES (37/2005)

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## **THE GLENEAGLES SUMMIT: Why Does the U.S. Not Want to Give More Aid to Africa?**

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BRITISH Prime Minister Tony Blair is counting down the days to the next Group of 8 (G-8) meeting in Gleneagles, Scotland from 6-8 July. As chairman of the meeting, Mr. Blair has placed poverty reduction in Africa at the top of the agenda. The announcement on June 11 of a cancellation of billions in debt for the world's poorest states fulfilled the first half of Mr. Blair's agenda.

For the other half, he has urged the other industrialised countries in the group -- the United States, Canada, Germany, France, Italy, Japan and Russia -- to join him in doubling foreign aid disbursements to Africa over the next ten years. He has not been asking for additional pledges of aid, merely that the world's wealthiest states live up to their own commitments made three years ago to provide 0.7 of their national income to help poor states. Britain, France and Germany have all produced plans to reach the target levels of aid. Japan just announced a dramatic increase in aid disbursements.

The US, by contrast, has said nothing about aid increases. After meeting with Mr. Blair on June 7, President Bush promised to spend \$674 million in emergency aid that the US Congress has already approved. American spending on aid falls significantly short of the 0.7 percent target. In percentage terms, the US consistently ranks dead last in aid disbursements among the advanced industrialised countries in the OECD. (In dollar terms, given the size of the US economy, even a modest percentage given in aid still creates larger dollar donations than the rest of the 21 donating states.)

### **Why has the US not been willing to provide more aid for Africa?**

Public support for additional aid provision in the US is extremely limited. Public opinion polls consistently show a huge disconnect between the amount of aid Americans believe they provide and the levels of aid the US actually spends. While Americans consistently report spending at least 24 to 40 percent of the budget on foreign aid, the actual figure is 0.16 percent. Since the public believe that they already send at least a quarter of the US budget abroad, enthusiasm for additional spending is limited. (Why Americans have such a false sense of their own generosity is a subject for another commentary.)

Public support for aid specifically for Africa is even lower. Americans believe that spending on aid for Africa is "throwing money down a rat hole". Although few Americans can point to any specific aid projects, there is a widespread perception that aid money goes for negative ends. Depending on the respondent's political orientation, aid money in Africa is said to be

squandered, siphoned off by corrupt leaders, leads to the wholesale destruction of the environment, or used for morally reprehensible things like abortion. Some have argued that these negative perceptions of Africa are also reinforced by racism.

Poverty does not generally produce vivid images or dramatic stories. A child slowly dying of hunger rarely makes the evening newscast. While Jeffrey Sachs of Columbia University argues that newspapers ought to note that 20,000 people died yesterday, newspapers are largely silent about the effects of poverty. So the urgency of the problem is lost for most Americans.

In an environment of predominantly negative perceptions about the utility of foreign aid, there are few vocal champions for aid. Politicians do not win votes for promising to spend taxpayer money overseas. Even in a time when everything can be connected to the global war on terrorism, the links between poverty reduction and terrorist attacks has limited traction. There are few lobby groups in Washington D.C. to urge greater spending on aid. There is not a strong network of grassroots organisations pushing for change in the White House or on Capitol Hill on the issue of aid for Africa.

With the US budget increasingly unbalanced, the resources for a dramatic increase in foreign aid spending are limited. Repeated tax cuts have dramatically reduced the tax dollars available. Fighting the terror threat, including long-term deployments in Iraq and Afghanistan, has eaten up large shares of revenues. In short, the funding is not readily available, especially for a project with such limited support.

Large aid increases for Africa are also unlikely since the Bush Administration is not a proponent of handouts. President George Bush frequently highlights individuals with the “frontier spirit” who have “pulled themselves up by their bootstraps” and achieved success. Foreign aid smacks of handouts and dependency. Instead, President Bush prefers to rely on the power of individual efforts to create growth and development. He likes to note the importance of the African Growth and Opportunity Act (AGOA) that allows African states greater access to the American marketplace for their goods and services. AGOA states have increased exports to the US in the five years since the agreement was signed.

The centrepiece of the Bush plan to let states help themselves is the creation of the Millennium Challenge Account (MCA). Under the MCA, states that meet strict criteria for good governance and openness are eligible for American assistance. The motto of the MCA is “poverty reduction through growth.” The MCA was opened with great fanfare in 2002, although to date, not a single dollar has been spent. Faced with rising complaints about the slowness of the process, the Millennium Challenge Corporation has finally begun approving projects to the limited pool of states that meet the requirements.

President Bush also believes in the power of private decision-making. Money donated by private citizens in the US to poor countries significantly dwarfs all levels of suggested public assistance. He has encouraged non-governmental organisations to continue to solicit funding for alleviating poverty in Africa and elsewhere. Given the generosity of private Americans, the official US government contribution to aid and poverty reduction in Africa can be lower.

Balanced against these reasons for failing to provide additional funding for aid are at least four arguments in favour of aid. First, the alleviation of poverty is an appropriate goal for all states. Africa receives a smaller share of foreign aid disbursements than any other region.

(Most American aid, for example, has been earmarked for Israel and Egypt in return for signing the 1978 Camp David Accords.) A dramatic boost in spending — \$25 billion more per year if Mr. Blair gets his way — would significantly improve Africa's chances of ending poverty.

Second, the US has strategic interest in seeing an improvement in the lot of the poorest of the poor in Africa and elsewhere. Economic growth and development usually leads to greater stability, less conflict, fewer problems of refugees, increasing allocations on health care and a concomitant reduction in public health emergencies, and the eventual development of new markets and sources of products, goods and services.

Third, it is possible that terrorism is, in part, linked to poverty and hopelessness. But even if it is not, at a time when the US is committed to fighting a global war that needs participation from a wide range of states, being miserly towards Africa does not help Americans “win friends and influence people.”

Finally, Mr. Blair personally put himself far out on a line in supporting the US in its war with Iraq. His standing inside Britain has plummeted as a result. Even if the US actually gave 0.7 percent of its budget to foreign aid, the total amount would be \$80 billion. This amount is less than the supplemental budget just passed in Congress for fighting in Iraq and Afghanistan. Bush could commit to an increase in aid (less than the 0.7 percent, but certainly greater than 0.16 percent) and support Mr. Blair's efforts on global poverty reduction.

It may be the right thing to do but, in the end, its much more likely that Africa will continue to receive only crumbs from the US.

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