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# American Foreign Aid: Recent Trends in Goals and Allocation

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Foreign aid is defined as technical assistance, capital grants and loans to underdeveloped countries (Banfield). American foreign aid over the years has been used for many different goals; the most recent goals have been identified by the Bush Administration as economic growth, democracy, conflict prevention, humanitarian assistance and global health (Tarnoff). The idea that nations should promote the welfare of other nations is a relatively new idea, but not all that altruistic. Foreign aid is an extension of foreign policy and is guided by the national interest. As a result, the formal goals of American foreign aid have always been political, such as subsidizing allies to ensure their allegiance, fostering international influence, and serving the United States' (US) interests and national security. In a world transformed by globalization and terrorism, foreign aid has again become a key foreign policy tool (Brainard). US foreign aid policy has transformed since the September 11 attacks. Including Afghani and Iraqi reconstruction aid, in 2004 aid to the Middle East jumped to 73% from 57% in 1994, while terrorism concerns have caused aid to South Asia to increase to 17.3% in 2004 from 3.8% in 1994 (Tarnoff). The concentration of American aid in these geographical regions highlights two patterns of aid allocation today: counter-terrorism and the Middle East peace process. This represents the integration of two different foreign aid perspectives; that of foreign aid as a soft-power tool used for strategic purposes and that of it as a developmental tool (Brainard).

## Foreign Aid: An Outlet for the Achievement of National Security Objectives

The United States has a long-running affair with the automobile that spans more than a century. What began as a replacement for the horse and carriage, the automobile is now a symbol of American culture. Foreign aid is used as a foreign policy tool. Because foreign aid is an essential instrument and extension of foreign policy, granting foreign aid is motivated by the same factors as those that govern foreign policy, including the pursuit of the national interest. The goal of the national interest is to protect the country and the domestic order from external threats, so it is often equated with national security. National security has become a key goal of the granting of foreign aid today. This emphasis on security is not a product of a world that is more dangerous than before, rather, it is a way to construct a meaning for a foreign policy framework lacking a forward-looking project, and so, "The post-modern state defines itself by its security policy" (Hammond).

Edward Banfield puts forth two doctrines of American foreign aid based on concerns of American national security. The first doctrine is one of indirect influence. It argues that foreign aid will bring about changes in the institutions of societies receiving the aid, including a rise in per capita income, higher standards of living, and a more stable social-economic setting. These changes will in turn bring about fundamental changes in the outlook of those societies, which will lead to the spread of freedom and democracy; this will promote peace and, indirectly, promote US national security. This is the goal of American aid when it is allocated to further economic growth, development, and human health. Such development aid is used to reduce situations that foster conditions not conducive to US national security, and is a key component of anti-terrorism aid today. The second doctrine is one of direct influence. In this scenario, foreign aid seeks to directly influence the governments and peoples that receive the aid to act in ways that are in accordance with US interests or to not act in ways that are deleterious to US interests. This is the more traditional view of foreign aid as a strategic tool used to foster compliance and allegiances in countries crucial to US interests, such as those in the Middle East and South Asia.

Foreign aid, especially development aid, plays an important role in US national security. In today's world, with hard power stretched thin and facing 21st century threats from poverty, pandemics, and terrorism, we need a national security strategy that elevates development alongside defense and diplomacy. We need a national security strategy that deploys foreign aid as a key instrument of American soft power. (Brainard)

In 2002, for the first time, President Bush's national security strategy recognized global development as the third pillar of American national security, alongside defense and diplomacy (Tarnoff). Foreign aid as a means to enhance national security has taken on more importance after the 9/11 attacks. Much of the aid allocated today, especially in the Middle East serves the purpose of national security by way of development, aimed at reducing the forces of extremism and anti-American sentiment.

## The Post-Cold War Shift towards Humanitarianism and Military Involvement

From the end of World War II until the end of the Cold War, the underlying rationale for America's foreign aid policy was preventing the spread of communism. With the end of the Cold War, however, "The ideological cement which anti-communism provided crumbled away, and the system of institutions," such as aid allocation, "through which international relations

were organized throughout most of the post-WWII era lost its justification” (Hammond). No consensus emerged as to what should be the new overarching goal of foreign aid and as a result, foreign aid allocation has been pulled in many different directions. There is no central goal to American aid allocation. Today, 50 separate units share responsibility for the planning and delivery of aid in the executive branch, each agency has its own objectives and as a result, “Different agencies pursue overlapping objectives with poor communication and coordination” (Brainard). Foreign policy today is, “Determined almost entirely by the contingencies of the issue itself, rather than mediating any broader concerns” (Gourevitch). This is reflected in foreign aid management and allocation, “The administration has responded to each new global challenge by creating new ad hoc institutional arrangements alongside the old ones” (Brainard). As Zaki Laidi states, “Political actions no longer find their legitimacy in a vision of the future, but have been reduced to managing the ordinary present” (Hammond).

In a search for meaning and purpose, post-Cold War aid allocation has diversified and placed greater emphasis on humanitarian needs. The end of the Cold War brought with it an end to grand narratives that provided a framework in which foreign policy choices could be made. As a result, “Western states have sought to offset their own crisis of meaning through international intervention, including humanitarian action” (Hammond). This crisis of meaning has also caused western intervention in the international arena to be driven by a desire to recover a common enemy and a sense of purpose. This partly explains the emphasis today of aid to curb terrorism.

Foreign aid allocations have undergone a change recently. Development aid has increased. This has been due to more aid going into encouraging sustainable economic progress and social stability in developing countries, as well as human health and humanitarian needs, to countries that are vulnerable to extremism and to institutions like the Millennium Challenge Cooperation (MCC) (Tarnoff). Military assistance has also increased due to the convergence of national security and development. The largest recipients of military aid are Israel, Egypt, Afghanistan and Iraq. Military aid and aid distributed through the Department of Defense (DoD) has increased. The DoD has significantly expanded its direct provision of foreign aid in weak and failing states and increased its share of US developmental assistance by more than 15% between 2002 and 2005 (Brainard). This increased role of the military in aid allocation is, “Symptomatic of a growing tendency for the military to fill a perceived void” (Brainard) in foreign policy and national security objectives. It is a blending of humanitarian and military objects. The military is now responsible for meeting both humanitarian goals and military goals (national security) because a key factor in both goals is development and economic growth.

### **The Bush Administration’s Three Pillars of Aid**

American foreign aid has many different goals. The Bush Administration identified three strategic goals of aid, 1) economic growth, agriculture and trade, 2) global health and 3) democracy, conflict prevention and humanitarian assistance (Tarnoff).

Global health is a relatively new goal of US aid. In fact, “The idea that a nation should promote the welfare of other nations is new in the history of political thought and of international relations” (Banfield). Today, the concept of humanitarianism has taken on greater prominence. In 2003, President Bush announced a five year \$15 billion plan to combat HIV/AIDS, malaria and tuberculosis in Africa and other developing regions (Tarnoff). However, this noble goal is also tied to US interests because when, “The US leads in helping lift the lives of the poor, we enhance our own influence and authority in the world community, building support for US interests in other areas” (Brainard).

Economic growth is a broad goal of US aid and includes many different activities. Since 9/11, development aid has gone to countries assisting the US effort in the war on terror and to combat global issues that are considered threats to US security: terrorism, narcotics, crime, and weapons proliferation. Development and the reduction of poverty is an important goal of the United States and promote US interests and security. Today,

The fight against global poverty has become a fight of necessity. Impoverished states can explode into violence or implode into collapse, imperiling their citizens, neighbors, and the global community as they become a spawning ground for terrorism, trafficking, and disease. Extreme poverty exhausts governing institutions, depletes resources, weakens leaders, and crushes hope - fueling a volatile mix of desperation and instability.(Brainard)

A more developed society means a more stable society. A more stable society is more conducive to a peaceful world and a world

in which the US is the global power. This goal is met by providing aid for Afghan reconstruction and economic rehabilitation, and for several front line states on the war on terror in the Middle East and South Asia (Tarnoff).

Goals for the third pillar of aid, democracy, governance and conflict prevention, include strengthening the performance and accountability of government institutions, combating corruption and addressing the causes and consequences of conflict (Tarnoff). This goal promotes US interests because conflict is destabilizing and leads to insecurity by making “it harder for leaders, institutions and outsiders to promote development” (Brainard). Today this goal of aid is especially important in the Middle East.

### **U.S. Interests in the Middle East and South Asia**

Today, the US is providing foreign aid to about 150 countries (Tarnoff). In 2004, the Middle East received 38.4% of American foreign aid allocated, Africa received 18.3%, and South Asia received 17.3%. In 2004, the top American foreign aid recipients were Iraq, Israel, Egypt, Afghanistan, Colombia, Jordan, Pakistan, Liberia, Peru, Ethiopia, Bolivia, Turkey, Uganda, Sudan, and Indonesia. From this data, two general geographical trends emerge for the allocation of American aid which reflect US foreign policy and promote US interests and national security: aid to the Middle East and South Asia for anti-terrorism and aid to the Middle East to further stability and the peace process.

Aid to the Middle East very clearly indicates the use of foreign aid as a way to further US interests by influencing behavior and fostering compliance. Aid to the Middle East not only serves antiterrorism purposes, but also promotes a comprehensive Middle East peace and regional stability (the stated US foreign policy objective in the region), and furthers US leverage in the region, all of which are key to US interests and national security. Due to the possibility of possession of nuclear weapons or other WMDs (Weapons of Mass Destruction) by countries such as Iran, Pakistan, and Syria, as well as the possibility of instability promoting extremism, it is crucial to US national security that peace and stability be advanced in this region. The US foreign policy strategy in the Middle East is one of the economic “stick” and “carrot” (Levin). The hope is that the economic carrot will lead the Middle East away from clashes of interests between powers and toward a comprehensive peace (Levin). The promise of aid brings Arab countries to the table with the US and keeps them from openly defying a policy meant to induce peace and stability (Levin). Thus, aid to the Middle East is used to enhance American leverage in the region and to increase the allegiance of states to the US. As Levin stated, “By coming to the table, the Arab states become more pro-American, and accept the American and Israeli conception of the new Middle East.” Aid to Israel and Egypt, the largest recipients of American aid since the implementation of the Camp David Peace Accords in 1978, has been to support both countries as American allies (Levin). After the Camp David Accords, the Secretary of State stated, “It is in the interest of the US to be supportive of Egypt and in return to get its support in Arab politics” (Levin).

Until the start of the War in Iraq, Israel was the largest recipient of US aid, after which Iraq claimed the top spot. In 2004 Israel received \$2.62 billion, out of the \$23 billion allocated for the foreign aid budget (Tarnoff). Israel is the only democracy in the region and is an important part of US influence. The goal of this aid is to advance American interests in the region by strengthening and influencing an ally (Levin). Much of this assistance is military aid directed at enhancing Israel’s technological and military powers. The reasoning is that Israel could not maintain its strategic advantage in the region if it did not receive this aid, which could result in regional instability, adversely affecting the US. Aid also cements the partnership between both countries. It is crucial that both countries share intelligence regarding Arab militant groups and information on WMDs in countries such as Iran and Syria.

### **American Foreign Aid Assistance as a Tool for Combating Terrorism**

Since the September 11 terrorist attacks, foreign aid, as a means of contributing to the global war on terrorism, has taken on a more strategic sense of importance. Today, American national security is dependent on reducing international terrorism, and foreign aid plays a large role in this. The war on terror has, to a certain extent, changed the American foreign aid landscape. Since 2002, executive branch foreign assistance budgets began to emphasize the war on terror as the top foreign aid priority (Tarnoff). Aid for reconstruction efforts in Iraq and Afghanistan totaled more than all other aid programs in 2004 (Tarnoff). The US has taken significant measures to help the over 90 countries that have joined the US in the war on terror (Winning). The use of American foreign aid to support other nations threatened by terrorism, to provide economic assistance

to countries aiding the US in the war on terror, and to help the US combat the global threat is clearly seen in the countries receiving foreign aid today; Afghanistan, Pakistan, Turkey, Jordan, and Indonesia are all key partners in the war on terror and all received substantial aid amounts in 2004 (Tarnoff).

This emphasis on anti-terrorism aid reflects a search for a new sense of purpose. Today, in the absence of a common, ideological enemy, the Soviet Union, American aid and foreign policy has tried to label terrorism as the greatest threat to American security and way of life. This emphasis can be seen as an attempt to create an overarching foreign policy framework in the absence of a unifying common goal. Rather than it being an expression of a forward-looking goal, this emphasis on anti-terror aid is an effort to create a project and an identity defined in opposition to another. It can then be seen as a reaction to the crisis of meaning since the end of the Cold War.

In the two years after the 9/11 attacks, the US provided \$1 billion to Pakistan, \$350 million to Jordan and \$250 million to Turkey to support anti-terror efforts undertaken (Winning). The President's 2004 budget provided \$2.3 billion to countries that joined the US on the war on terror. Programs involved in this effort include grants for development and economic growth, and the Foreign Military Financing Program that provides equipment, training and defense services (Winning). Since September 11, South Asia has seen a substantial increase in its levels of US assistance, from comprising 3.8% of the foreign aid budget in 1994 to 17.3% in 2004 (Tarnoff), this includes Pakistan and Southeast Asian countries like Indonesia and the Philippines.

In today's world, the US' anti-terrorism strategy has undergone a change, a change in which foreign aid plays a crucial role. Traditionally, American anti-terrorism policy focused on punishing and deterring state sponsors of terror by means of aid and trade sanctions (Perl). However, punishing states through sanctions, even if they are state sponsors of terror, may be counterintuitive because it may further worsen economic conditions, thereby making extremism more attractive. Punishing a state may also conflict with other foreign policy objectives in that country, like human rights concerns (Perl). In today's global civil society, human rights concerns have become more important. In addition, today's terrorists are often not associated with a state sponsor or any established terror organization. In fact, the most common terrorist "of the 21st century may well be a private individual not affiliated with any established group, but drawing on other similarity-minded individuals for support" (Perl). The sanctions-oriented anti-terrorism policy framework of the US was no longer adequate, and as a result, foreign aid has assumed a leading role in the fight against terrorism. Foreign aid is used to foster development and democratization, assure allegiances, and aid American allies' in their counter-terrorism efforts, thus integrating aid as both a soft power foreign policy tool and as a development tool.

One of the most important roles of foreign aid in combating global terrorism is to foster development and democracy in countries that are vulnerable to extremists due to their economic and social conditions. In March 2002, President Bush stated that, "Persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror" (Winning). Radical Islamic groups seek to exploit economic and political tensions in Saudi Arabia, Egypt, Indonesia, Russia, and Pakistan (Perl). Foreign aid is therefore focused on reducing the appeal of extremist groups. Counter-terrorism foreign aid includes efforts to change the economic and social conditions that provide a breeding ground for terrorists, including programs to foster development, economic growth and democracy, reduce poverty, and conflict prevention (Perl). Foreign aid can be targeted to alter the political, cultural and economic contexts that perpetuate extremism like improving quality of life, increasing social stability, providing opportunities for political expression, employment, and education (Cronin). Counter-terrorism foreign aid is also used to support secular alternatives to Madrassahs, which can reduce ignorance and project an alternative view of the west, thereby diminishing the appeal of extremist groups (Perl). Promoting democracy is also crucial. Many who are attracted to extremism feel alienated in their own society, as if they have no voice and or stake in their society. Democracy can try to provide a way to counter this disconnect. In place of alienation, democracy offers an ownership stake in society, a chance to shape one's own future, and a connection to something larger (Winning).

Many organizations are establishing bases in countries that do not have adequate control over their territory and do not have a properly functioning central government like in the Philippines and in Africa (Perl). In such states, democracy and conflict prevention aid is crucial.

Afghanistan receives aid for development and economic growth as a counter terrorism strategy. A federal report on "Winning the War on Terrorism" emphasized that, "We must continue the task of supporting and rebuilding Afghanistan

so that it does not become again a sanctuary for terrorists.” In 2004, Afghanistan was the fourth largest receiver of American foreign aid. Most of the spending is used for road construction, democracy promotion and economic rehabilitation activities (Tarnoff). Aid has helped two million Afghan refugees return to their homes, provided food for over 10 million people, schooling to three million school children, and measles vaccines for over four million children (Winning). This type of aid lifts the lives of people, helps reduce the attractiveness of and provides alternatives to extremism.

Some of the US assistance to Iraq also serves these goals. In 2004, Iraq was the largest recipient of American aid, receiving \$23 billion, the largest aid initiative since the Marshall Plan. Funds are directed at promoting democratization and improving infrastructure like electricity, oil, water, sewage and telecommunications services (Tarnoff).

Pakistan is a key ally to the war on terror. However, aid to it had largely stopped due to sanctions regarding nuclear tests and coups; in October 2001, however, large amounts of aid began flowing into Pakistan again (Kronstadt). In 2001, Pakistan received \$5 million in U.S. assistance, in 2002 it received over \$1 billion, in 2003 \$495 million, and in 2004 it received \$395 million, making it the seventh largest recipient (Tarnoff). Pakistan is a poor country with a weak economy and vast inequalities in wealth; it also faces problems of domestic terrorism. (Kronstadt). As such, it is a recipient of development aid as a means to aid the war on terror. In February 2003, the Pakistani foreign minister made a direct link between poverty and the continued existence of Madrassas that teach anti-American values. Direct assistance to Pakistan includes aid for health, education, food, democracy promotion, and law enforcement (Kronstadt).

Another goal of assistance to countries that are partners in the war on terror is to assure their allegiance. For example, Pakistan, because of its shared border with Afghanistan and former close ties to the Taliban, is a key ally to US regional and global counter terrorism efforts. Because of Pakistan’s key location, between Afghanistan and Indian controlled Kashmir, the US needs Pakistani cooperation to continue its counter terrorism effort. For example, Pakistan allows the US military to use bases within the country. The US also needs continued Pakistani cooperation in helping to identify and detain extremists, in controlling its porous border with Afghanistan, in controlling the movement of militants in and out of the country, and in banning terrorists groups. (Kronstadt). Aid, both development and military, is used to foster compliance from and strengthen American allies on the war on terror (Levin).

Military aid is used to strengthen and aid American allies in the war on terror by increasing their counter terrorism capabilities and helping train and supply their militaries. In 2002, the US military began efforts to assist Pakistani security forces in tracking and apprehending fugitive Al Qaeda and Taliban fighters by providing military equipment. (Kronstadt). US forces are also helping train a new Afghan National Army using peacekeeping funds and the International Military Education and Training Program (Tarnoff). The US has also helped increase Philippine military capabilities to combat terrorism by training 25 field companies of their armed forces and providing them with aircraft, artillery, and boats (Winning).

## **Conclusion**

Today American foreign aid has undergone a change in both allocation and concentration of aid and in the goals of aid. Presently, aid is concentrated in the Middle East and South Asia and is used to further the Middle East peace process and to counter terrorism. American foreign aid today has also undergone other changes; its goals, such as humanitarian aid and human health, are much more diverse than a few decades ago. These goals have emerged as states search for a new purpose in a post-Cold War world. Aid allocation today is also increasingly becoming the responsibility of the military, especially as humanitarian goals are being mixed with military goals due to the increased importance of development in national security. What has not changed is that aid serves the interests of the donor country, as indicated by the goals of foreign aid, even that of development aid. Today, aid as a soft power tool to influence behavior and foster compliance is being integrated with the view that aid is a developmental tool.

The importance of development aid has risen due to its link to US national security. This is because development is now used to reduce the attractiveness and forces of extremism by promoting democracy, stability and economic growth. This new emphasis on development to enhance national security came about because today most terrorists, and thus the terrorist threat, are not affiliated with any state. They are individuals with an ideology. As a result, the old method of punishing state sponsors of terror with sanctions is no longer adequate. This new way of dealing with terrorism with aid is seen in Pakistan, Afghanistan, and Iraq.

The purpose of foreign aid as a development tool is used in conjunction with the traditional purpose of aid to influence state behavior in a way beneficial to the donor country. This is seen in the aid that is given to the Middle East, including Israel and Egypt, to bring Arab states to the table in the hope of influencing their policy and conduct. This is also seen in counter terrorism aid when it is used not for development, but to foster compliance and increase countries' counter-terrorism capabilities, like in Pakistan, Afghanistan and the Philippines.

This diversification of foreign aid goals and insistence that terrorism is the main threat to the US today is symptomatic of an incoherent foreign policy that is searching for a framework within which to frame itself, a goal to give it purpose and a common enemy to define itself against and give it meaning.

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