

# Not a Band-Aid: Debunking myths about foreign aid

by [David Beckmann](#) in the [August 1, 2001](#) issue

Fanny Makina, a farmer in Malawi, is tilling her plot of land with a hoe and spade. Next she will plant crops of corn, peanuts, squash, beans and cassava, and mark each row carefully with a stick. In most years, Makina harvests enough food for her family and has food left over to sell. Even in years of limited rainfall, she has income to buy fertilizer and other supplies.

“My children don’t lack for clothes or shoes. I am able to pay their tuition for school,” she says proudly. By Malawian standards, Makina is tremendously successful.

Makina’s success is due in part to U.S. foreign aid. She is a member of the National Smallholder Farmers Association of Malawi (NASFAM), an organization supported in part by the U.S. Agency for International Development (USAID). NASFAM farmers join together to learn about new agricultural methods and to negotiate better prices with truckers and with the merchants who buy their crops. Compared with other farmers, NASFAM members have higher incomes and are less likely to go without food in the annual “hungry time” before harvest.

For Makina and millions of others, aid-supported programs like NASFAM have made the difference. “People think Africa is a lost cause because we are so far away,” says Makina. “But if they came and saw what we have achieved with the aid we are receiving, they would think otherwise.”

This kind of aid—aid that supports communities and responsible governments—could dramatically reduce world hunger over the next decades. At the UN conferences of the 1990s, the nations of the world agreed to cut world hunger in half by 2015. In this period of relative peace and prosperity, we could achieve this goal, but only if U.S. leaders join other leaders in increasing the funding for poverty-focused foreign-aid programs.

Over most of the past 50 years, the U.S. took the lead in advancing foreign aid for developing countries. Foreign-aid priorities were driven by the cold war, and the U.S. saw fighting hunger and poverty as a way to slow communism and woo Third World governments. For example, the biggest recipients of U.S. aid in Africa in the 1980s were dictatorships in Somalia, Sudan and Liberia that contributed to the violence still afflicting these countries today.

Since the end of the cold war, however, funding for aid has dropped. Without a clear statement of purpose for its post-cold-war aid program, Congress has bogged down the work of USAID, the main aid agency within the U.S. government. In the absence of a strong commitment to foreign aid, debilitating myths about such aid have become widespread. Before we sustain a commitment to reducing hunger and poverty around the world, we must debunk these myths.

**Myth 1: Foreign aid doesn't work.** Most foreign aid hasn't helped poor people because it was never intended to help poor people. Over 20 percent of U.S. foreign assistance goes to Israel and Egypt, although neither country is a low-income nation. Other programs in the "aid" budget help U.S. businesses, or underwrite some senator's pet organization back home.

But when aid *is* focused on reducing poverty, it produces results. In the 1980s, a UNICEF-led "child survival revolution" taught low-income parents worldwide how to do simple things to reduce health risks for their children. A sugar and salt solution, for example, can keep diarrhea from dehydrating a child. Now, in 2001, thousands more children live rather than die each day because of this program.

There are fewer hungry people in the world today than 25 years ago. The proportion of undernourished people in developing countries has dropped from one-third to one-fourth. Since 1960, adult literacy in sub-Saharan Africa has increased by over 280 percent; infant mortality has declined in East Asia by more than 70 percent; the under-five mortality rate has declined by over 75 percent in Latin America and the Caribbean; and life expectancy has risen by 46 percent in South Asia. Development assistance has contributed to these advances.

**Myth 2: Most foreign aid gets lost to corrupt bureaucracies in the developing countries.** Yes, corruption is a problem. But since the end of the cold war, USAID and other aid agencies have become tougher on corruption. They are selective about which countries receive aid and what local agencies they fund, and

they work with governments and nongovernmental organizations (NGOs) to monitor how money is spent. Where corruption is rife, USAID can fund projects through NGOs rather than government agencies.

Even more important, people in many developing countries have fought successfully for democracy, so local citizens are better able to hold governments accountable. People can criticize government officials, and the local press discusses mistakes and abuses.

**Myth 3: Foreign aid is a big slice of the federal budget.** A recent poll by the Program for International Policy Attitudes at the University of Maryland showed that most Americans still imagine that 20 percent of the federal budget goes to foreign aid. In reality, less than 1 percent of the budget is for foreign aid, and only about one-third of that is development assistance.

U.S. development aid has declined steadily over the past 15 years. The U.S. now ranks last among the 22 industrialized countries in percentage of national income given away in development aid: less than 0.1 percent. Tiny Denmark contributes ten times as much of its national income as American taxpayers do. Japan has been the largest provider of official development assistance for ten consecutive years.

**Myth 4: Americans want to cut foreign aid.** This is what members of Congress and their staffers like to tell us. But a University of Maryland study reveals that a vast majority of Americans would support an increase in aid focused on reducing poverty. Eighty-three percent of Americans favor U.S. participation in a plan to reduce world hunger by half by 2015, and nearly all these people would be willing to pay more in taxes to make it happen.

Even more intriguing, U.S. strategic and economic interests, long the prime rationales for U.S. foreign aid, rank last in the minds of Americans as reasons to grant aid. Most believe that alleviating hunger and poverty and encouraging economic development in poor countries are the most compelling reasons for aid.

**Myth 5: We should take care of problems at home rather than devote resources to helping other countries.** Yes, we should tackle hunger and poverty within our own borders. In the U.S., 31 million people—including 12 million children—live in households that don't always have enough food to eat. The U.S. is the only industrialized country that still puts up with widespread hunger within its borders. But as the richest and most prosperous country in the world, we can afford

to—and should—both help people here and respond to the needs of people around the world.

In addition, helping people in other countries helps Americans. Rising incomes among people around the world means a more dynamic market for U.S. exports, especially agriculture. U.S. trade with sub-Saharan Africa already exceeds trade with all of the independent states of the former Soviet Union. Development reduces conflict and the costs incurred when the U.S. government responds to crises overseas. Americans also have a self-interest in curtailing communicable diseases such as HIV/AIDS and in preserving rain forests and other environmental resources in poor countries.

**Myth 6: Charities can do the job of helping poor people around the world.**

Americans give generously to charities such as Catholic Relief Services, Lutheran World Relief, Oxfam and World Vision, and these agencies do excellent, much-needed work. USAID already directs 38 percent of bilateral foreign aid through these and other agencies. Some in Congress would take that a step further: Senator Jesse Helms (R., N.C.) has proposed replacing USAID with a foundation that would channel money to U.S. charities.

But private charities can't do the job alone. The U.S. government can mobilize resources on a larger scale, and government-to-government aid can improve public-sector functions that are crucial to making progress against poverty. These include economic policymaking, protection of human rights, and providing public services such as schools and clean water.

**Myth 7: Foreign aid isn't important.** How countries manage their own resources is much more important than foreign aid. But foreign-aid programs influence how local resources are invested and give a boost to countries that are using their resources well. Some critics claim that the only way to reduce poverty is to restrain capitalism. They see aid programs as a Trojan horse for multinational corporations. But many developing countries have found that some reliance on free markets stimulates economic growth.

Critics at the other extreme argue, "If these countries would just open their markets, they wouldn't need aid." They point out that international trade and investment are much larger financial flows than aid. But trade and investment tend to bypass poor people. They are no substitute for aid.

We need to expand programs that focus on reducing poverty and that involve poor people as active partners. At the top of the list should be aid to agriculture, because 70 percent of the world's undernourished people live in rural areas. The best agriculture programs listen to local farmers, including women, and involve them directly in agricultural research and extension. We also need to expand programs that fight AIDS. The rapid spread of this disease in Africa is due largely to pervasive poverty, so we must combine the attack on AIDS with a broader attack on poverty.

Programs providing credit to tiny businesses, or microenterprises, are another opportunity. Over the last 20 years, pioneering institutions such as the Grameen Bank have been channeling small loans to very poor people. One key has been the focus on reaching the poor. The other has been the involvement of groups of poor people in order to reduce administrative costs and improve repayment rates.

The international debt relief initiative is an example of effective aid. Protestants, Catholics and others in the Jubilee 2000 campaign have pressed the industrialized-country governments to write off some of the unpayable debt of the world's poorest countries. Churches and Bread for the World's members mobilized an estimated 250,000 letters to Congress in 1999 and 2000. Thanks to this successful advocacy movement, 22 of the world's poorest countries have received \$34 billion in debt cancellation. Their debt payments for this year have been reduced \$1.1 billion.

In addition, the World Bank and the International Monetary Fund have been instructed to focus on reducing poverty in low-income countries by asking those countries to develop poverty-reduction strategies through processes of public consultation.

Debt relief is working better in some countries than others, but reports are generally encouraging. In Uganda, debt relief has more than doubled primary school enrollment. The public consultation process has also led to innovations that reduce corruption in the education sector. Now, when the Ugandan government disburses money for schools, there are announcements on radio and in newspapers. As a result, corruption in the education sector has dropped from more than 50 percent to less than 10 percent.

Sustained progress against hunger and poverty will require a sustained increase in development assistance. We could cut global hunger in half by 2015 for a U.S. contribution of \$1 billion more a year in poverty-focused aid. (One billion dollars is

less than one penny per day per American.) Bread for the World is pushing to increase annual development assistance to Africa by at least \$1 billion in its campaign, "Africa: Hunger to Harvest." We are focusing on Africa because it is the only part of the world where hunger is both pervasive and increasing.

The Bush administration is talking about global poverty issues, but the same administration proposes cutting funding for development and humanitarian assistance by \$200 million. The congressional budget resolution proposes to cut another \$700 million from foreign-affairs spending.

Meanwhile, U.S. Representatives Jim Leach (R., Iowa) and Don Payne (D., N.J.) have introduced the "Hunger to Harvest" resolution in the House and Senators Chuck Hagel (R., Neb.) and Patrick Leahy (D., Vt.) are ready to introduce it in the Senate. Concerned citizens can urge their representatives to cosponsor the resolution. We still have a chance to reduce world hunger by half before 2015.