Foreign Aid's Purpose

By Lee H. Hamilton

WASHINGTON — A major difficulty with our foreign assistance program is that it has largely become a mechanism for helping two countries, Egypt and Israel.

With President Reagan's request for another sizeable increase — $700 million in military assistance for Egypt and Israel — total aid for them would rise to $4.8 billion in fiscal 1983 — $2.3 billion for Egypt and $2.5 billion for Israel, the equivalent of more than $45 for each Egyptian and $630 for every Israeli. If the budget is approved, Egypt and Israel will corner some 75 percent of our foreign military sales program worldwide and some 60 percent of the economic support program. Egypt will also continue to get more than 25 percent of the food aid.

A staggering $25 billion in military, economic, and food aid will have been provided to Egypt and Israel from fiscal years 1978 through 1983. This sum is nearly one-third of our worldwide total for that period. A comparison with the budget for Southeast Asia during the Vietnam War is revealing: From 1968 to 1973, Vietnam, Laos, and Cambodia chewed up $17 billion in foreign aid — well over one-third of the total.

That Egypt and Israel have staked out huge portions of the United States' foreign aid budget is neither an argument against the aid nor the importance that we assign to their well-being. There are persuasive reasons for very high levels of military and economic assistance to both countries, but the imbalance that such amounts creates carries clear consequences for the United States' national interests.

First, our commitments to economic development in poor countries and to alleviation of suffering around the world are called into question. Given those rationales for foreign aid, as stated by every post-World War II administration, we must be uneasy with a budget that tilts so strongly toward two countries, however worthy, and shows a corresponding neglect of all others. A serious gap exists between our growing political and economic interests in the developing world and the low priority given the developing world in our foreign aid budget. The United States already is slipping badly as a donor of economic aid. Today, the United States ranks 15th among developed countries.

Second, serious problems arise in our relations with other countries. The poor nations know our attitude toward developmental assistance; they also know that Egypt and Israel receive more economic aid than do all of them combined. The imbalance breeds envy and suspicion. Notwithstanding our claims to the contrary, many countries believe that we can control those who receive so much of our aid. Other states, including North Atlantic Treaty Organization allies, find it hard to believe that they, as old friends, receive so much less than Egypt, a new friend. The high levels of assistance to Egypt and Israel are used as leverage by Spain, Greece, and Turkey when we negotiate military base agreements. There is also the danger that other countries exaggerate their security concerns because they see the United States placing such a high priority on aid to two countries that have been at war and that maintain a military footing.

Third, there are risks for Egypt and Israel. They expect enormous amounts of American aid. Each cites additional aid to the other as a reason for an increase in its own aid. Because both are so dependent on our assistance, their economies are distorted, their debts burgeon, and their need for more aid grows — if only to service their debts. This is not healthy for Egypt and Israel, nor is it in their long-term national interests. If the peace process eventually extends to other countries, they too will demand of us a large "peace dividend."

Fourth, because of this concentration of assistance, we have not begun to address adequately the world's social and economic problems. Security and stability in most countries depend as much on solutions to such problems as on military aid. If we cannot afford to fight hunger, poverty, pollution, overpopulation, disease, and illiteracy in the poor countries, we may soon face grave threats to security and stability caused, in part, by our neglect.

Congress has recognized the dilemma. In the 1970's, it directed that foreign aid clearly support programs to assist the poorest of the poor in solving social problems and stimulating self-sustaining economic growth. Budgetary constraints — the most notable are the costly Egyptian and Israeli programs and the strong emphasis on military aid — have combined to damage that mandate.

A review of our foreign aid programs is warranted. Without turning our back on Egypt and Israel, we need to rethink the purposes of foreign aid, what it can and must achieve, and whether the present distribution of aid is the best we can do.

Lee H. Hamilton, Indiana Democrat, is chairman of the House Foreign Affairs Committee's Subcommittee on Europe and the Middle East.

Approved For Release 2007/11/13 : CIA-RDP88B00443R001103940017-9