

Playing the U.S. aid game

Bush team says assistance to Latin America doubled. Critics say it didn't. Who's right? Depends on how you measure it.

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WASHINGTON --

The Bush administration says it has doubled annual U.S. aid to Latin America to \$1.6 billion. Critics say the aid number is more spin than reality.

Who is right?

As is often the case, that depends on how you cut the numbers.

Although Bush has stepped up aid to the region, the big numbers hardly tell the whole story. In fact, the administration is redirecting funds to a few select programs and countries and slashing many other programs, budget watchers say.

By highlighting its aid, the Bush administration hopes to counter Venezuelan President Hugo Chávez's push of a leftist agenda that mixes aggressive state intervention in the economy, harsh anti-U.S. rhetoric and much-touted oil sales on soft terms that U.S. officials say seek to increase the Venezuelan leader's influence.

After the Bush administration touted its aid numbers ahead of a five-country trip to the region last month, three liberal policy groups in Washington released a statement disputing the assertion. They argued that the number masks big recent cuts in aid and that Bush used as a base the 2001 fiscal year -- the last of the Clinton administration. It was unusually low because Congress had approved a two-year anti-drug aid package for Colombia the year before, thus bloating 2000 figures and understating those for 2001.

INTERPRETING NUMBERS

When The Washington Post wrote about the liberal groups' statement, the White House shot back. From the 1994 through the 2000 fiscal year, it said, U.S. aid to Latin America averaged \$800 million a year. Since fiscal year 2001, it has averaged \$1.55 billion.

Lisa Haugaard, the executive director of the Latin America Working Group, one of the groups that issued the report, said that Clinton indeed did not provide as much aid to Latin America as Bush, but that he did increase it in his last two years in office.

When those 2000-01 years are used as a base, she noted, Bush still does better, but only by about one-third -- not double.

But the debate misses the point, she added. "We're not about promoting total levels of aid," Haugaard said. "It's what it's for."

Critics of U.S. aid policies say too much money is going into anti-drug-trafficking programs, mostly for police and military work -- \$708 million in the 2007 fiscal year. Economic and social programs total \$1.22 billion.

Haugaard also said Bush is favoring more targeted programs, such as the Millennium Challenge Account (MCA), which provides money to countries that are very poor and comply with certain policy milestones, like combating corruption and respecting private property. The upside for the beneficiaries is that they get to decide where to spend the money, and most in Latin America have opted for road-building.

The problem, Haugaard said, is that the MCA now benefits only El Salvador, Honduras, Nicaragua and, to a lesser degree, Paraguay. Bolivia is negotiating a \$600 million MCA program, known as a compact.

But this means that big pockets of poor people in places like Peru and Brazil will see less assistance. Also, Haugaard said, while the administration had pledged that MCA money would come on top of traditional aid, in practice it is replacing older programs. MCA compacts are also limited to five years.

And traditional programs are taking a hit. Democrats have criticized a 9 percent cut in child and healthcare programs for Latin America in Bush's requested fiscal 2008 budget, and they note that Egypt still gets more money than all of Latin America.

"What kind of a statement does that make about what American priorities are?" asked Rep. Bill Delahunt, D-Mass. "It just simply does not compute."

Israel is the top recipient of U.S. aid, receiving about \$3 billion a year.

Delahunt is teaming up with New Jersey Rep. Albio Sires, a Cuban-American Democrat, to create a \$2.5 billion five-year fund for housing, healthcare and education programs in Latin America. Sen. Robert Menendez, D-N.J., originally made the proposal in the House and is now introducing a bill to create the fund in the Senate. It is too early to know how much support the proposals will have in Congress, but similar efforts in the past have failed.

Menendez is critical of the administration's budget, saying that Bush wants to make big cuts in what he calls "core development funding," citing reductions in

the Child Survival and Health and Development Assistance programs, which are run by the U.S. Agency for International Development.

A DIFFERENT MIX

The proposed 2008 budget does indeed cut some traditional U.S. aid programs involving child survival and healthcare, budget watchers say, but those cuts are compensated for by newer programs like the MCA. When all the programs are thrown into the mix, the 2008 budget proposal allots a 2 percent increase in social and economic aid over 2006, according to the Center for International Policy (CIP), a group usually critical of Bush.

But while social programs get a little more money, military programs are slashed 17 percent in the Bush proposal, bringing military and police aid to \$606 million, the lowest since 2002.

When the military and social components are added up, the 2008 budget comes out to a 5 percent overall cut in aid to Latin America, the CIP says.

Adam Isacson, the CIP's Colombia analyst, says the budget contains some winners and many big-time losers. The winners are Colombia, which continues to receive anti-drug-trafficking aid, and the opposition in Cuba. El Salvador, Nicaragua and Honduras also come out ahead, thanks to their MCA compacts. Guyana and Haiti get big packages to fight HIV/AIDS.

The remaining 26 countries will see an "incredible" 23 percent reduction in aid, including a 19 percent cut in social programs, Isacson says. Some of the biggest cuts affect nations that are considered "drug source or transit countries" by the State Department, like Mexico (31 percent cut) and Peru (30 percent cut).

U.S. officials say that they are being more selective on how U.S. aid dollars are spent, and that even with the recent cuts, aid is still much higher than it has been historically.

The State Department's top diplomat for Latin America, Thomas Shannon, said Colombia, Peru, Ecuador, Bolivia and Haiti get 72 percent of U.S. aid because "that's where some of the biggest and most dramatic challenges are for democracy."

Shannon also argues that U.S. aid must be seen in broader terms. Latin Americans working in the United States sent \$45 billion home in remittances in 2006, and the administration has worked to cut fees on wire transfers, putting more money into the pockets of beneficiaries.

The Bush administration backed \$8 billion in debt forgiveness by the Inter-American Development Bank for Bolivia, Haiti, Honduras, Nicaragua and Guyana, the poorest countries in the hemisphere.

CHAVEZ'S ROLE

Shannon says U.S. programs differ from Chávez's handouts, which he says aim to create a political dependency on Venezuela.

"He has a message for the region which is confrontational, it's conflictive, it has a heavy dose of anti-Americanism, which we don't consider to be positive for enhancing cooperation in the region," Shannon told reporters at a recent briefing. "And ultimately, it's about creating dependency -- dependency on cheap oil, dependency on foreign assistance which is political in nature."