

# Debunking Myths About Foreign Aid

By Henry Wu November 2, 2022



Foreign aid is an often-cited example of public misperception of U.S. government operations. A 2015 Kaiser Family Foundation survey **asked** Americans what percentage of the U.S. budget they thought went toward foreign aid. While the average estimate among respondents was 31%, the actual amount is a mere 1%.

This overestimation is one of many misconceptions about foreign aid, starting with the definition of the term itself. Foreign aid is a **blanket term** for all money and resources sent from one country to another for humanitarian, development, and security assistance. It is used to support common interests between countries and may be used for purposes as wide-ranging as increasing food supply, strengthening educational systems, improving public sanitation, strengthening infrastructure, and providing job and agriculture training, disaster relief, and healthcare. Many people have a vague notion of foreign aid and its uses; Brookings Institution researcher Vanessa Williamson **found** that the use of the term “foreign aid” in the Kaiser Family Foundation survey may have been misunderstood by respondents, causing them to conflate the term with military spending.

People oppose foreign aid for numerous political reasons. In 2021, 35% of Americans **believed** the U.S. should stay out of international affairs. Constituents are likely to prioritize domestic issues — wondering why policymakers should worry about global poverty when their own communities suffer from other tangible problems — or they may **think** that the U.S. already does more than its fair share, as 55% of Americans did in 2016. Others believe that not much can be done, that foreign aid is inefficient and often **falls** into the hands of corrupt dictatorships, as 39% of Americans did in 2001, or that global poverty is too monumental of a problem to be solved.

Public perception of foreign aid matters because ordinary Americans play a sizable role in policymaking. Widespread support for humanitarian spending and pressure on legislators can contribute to the prioritization of foreign aid, but the beliefs stated above are obstacles to achieving this widespread support. The truth is that American foreign aid produces positive outcomes for its recipients, contains safeguards against corruption, and promotes national security and economic growth. The U.S. should

prioritize foreign aid over military spending and re-establish itself as a world leader in diplomacy, economic development, and global health.

### **Global and Domestic Impact**

There is an abundance of historical evidence supporting the efficacy of foreign aid. The United Nations Millennium Development Goals, an ambitious poverty reduction framework for governments, nonprofit organizations, and private sector companies, was enormously successful in reducing global poverty and mortality rates for preventable diseases and increasing educational enrollment, environmental sustainability, and gender equality. Between 1990 and 2015, the number of people living in extreme poverty, the number of primary-school-age children out of school, and the under-five mortality rate all approximately **halved**.

Only about 22.5% of U.S. foreign aid **goes** directly to governments; most filters to nonprofit organizations, multilateral organizations, or private companies to carry out the work that they know best. For direct governmental assistance, the Millennium Challenge Account only funds countries that meet stringent accountability and transparency guidelines. Thus, the probability that foreign aid falls into the hands of corrupt governments is much smaller than many people perceive it to be.

The allocation of foreign aid strictly for the benefit of its recipients would be a worthy use of U.S. resources, but it is also self-serving — by contributing to the United States’ desire to protect democracies and promote economic development around the world, we ultimately help ourselves. For this reason, foreign aid and military spending usually have similar underlying motives, but their paths to achieving them are often at odds with each other. Peaceful economic and humanitarian assistance, when at all possible, is advantageous to dangerous and forceful military action. As stated by the “Investing in 21st Century Diplomacy” budget plan **proposed** by U.S. Senators Murphy and Van Hollen and Representatives Cicilline and Bera, “it shouldn’t have taken 500,000 dead Americans to prove that our primary threats are non-military in nature.” This also touches on the point that foreign aid can be used to fight global enemies that the military cannot, such as climate change and disease.

Foreign aid is central to improving national security because it reduces the need for deadly and costly military interventions. Economic instability often promotes political turmoil and extremism. The strategic and proactive distribution of foreign aid would decrease the incidence of political instability. Numerous top military officials have expressed their desire to protect and increase foreign aid, as highlighted by a letter **sent** to House and Senate leaders: “For every \$1 spent on conflict prevention, we save \$16 in response costs and avoid sending our troops into harm’s way.”

Additionally, the economic development promoted by foreign aid ripples back to the United States. The vast majority of potential consumers of U.S. goods and services live outside our borders, and lifting people out of extreme poverty enables them to become those consumers. Relatively small investments in poor people worldwide result in large returns for U.S. businesses. Historically, aid provided to recently industrialized countries like South Korea, Brazil, and Mexico have helped to generate U.S. exports from those countries worth dozens of times more than the initial investments.

### **Foreign Aid and Military Spending in the U.S. Budget**

Now that we’ve seen the myriad benefits of foreign aid for both its donors and recipients, how is this put into practice in the U.S. and how does it compare to military spending? We must understand both kinds of spending in the context of the entire federal budget. Government outlays are **divided** into mandatory spending (payments for programs that have eligibility laws and benefit formulas, such as Social Security and Medicare), discretionary spending (payments that are allocated annually by Congress through appropriation acts), and net interest on debt. Foreign aid, categorized as “international affairs” by the Congressional Budget Office, is part of discretionary spending and **totaled** \$60 billion in fiscal year 2020.

Again, this is less than 1% of the \$6.6 trillion in total outlays for fiscal year 2020. Most of the funding for foreign aid comes from the International Affairs Budget, but additional funding comes from separate legislation for specific programs and initiatives. Example bills from the current Congress include the Global Health Security Act, which would **establish** a Fund for Global Health Security and Pandemic Preparedness, and the Girls LEAD Act, which **proposes** funding and assistance for female-focused civic and political engagement programs around the world.

Though the U.S. is the world's largest foreign aid provider in absolute terms, it lags behind other developed nations in the share of its total spending dedicated to foreign aid. It **spends** less than 0.2% of its gross national income on "official development assistance" (an OECD term for government aid that targets the economic development and welfare of developing countries), which is far below the average among OECD nations of 0.4% and the U.N. target of 0.7%. In this sense, the U.S. is actually doing less than its fair share of humanitarian assistance.

The amount spent on foreign aid stands in stark contrast to the amount spent on our nation's military. Totalling a staggering \$714 billion in fiscal year 2020, defense spending is the **largest part** of the U.S. discretionary budget and the third-largest item overall behind Social Security and Medicare, accounting for 11% of total federal spending. Military expenditures include the base budget for the Department of Defense, overseas contingency operations (essentially wars), and funding for other agencies dealing with national security, such as the Departments of Veterans Affairs and Homeland Security. Spending is used for items such as salaries, training, and healthcare for personnel; maintenance of equipment and facilities; and product development. The U.S. is by far the world's largest military spender—it **accounted** for 39% of global military spending in 2020 and spends three times as much as the next-biggest spender, China. U.S. military expenditures are about 3.4% of its GDP, which is the highest among developed countries. Some criticize the military budget for its bureaucratic waste and advocate for the reduction of the civilian workforce and the closing of unneeded military bases.

How should the U.S. balance these two related, yet often opposing, interests? The answer may lie in addressing one of the remaining misconceptions about foreign aid: Contrary to the belief of many, global poverty is not a problem too large to be solved. The U.S. can make a significant impact in the fight against global poverty by increasing foreign aid spending. A 2015 report by the Food and Agriculture Organization of the United Nations **estimates** that an average of \$265 billion per year is needed from 2016 to 2030 to essentially end extreme poverty and hunger by 2030, which is "well within the capacity of the international community to mobilize." While this figure may seem high, it is dwarfed by the \$813 billion **requested** for the U.S. defense budget for fiscal year 2023. With the cooperation of other nations, the U.S. could play a major role in helping to meet this goal. Given the peaceful and versatile nature of humanitarian aid, as well as its domestic impact, it is worth considering whether a substantial portion of the defense budget could be set aside for foreign aid instead.

Foreign aid is not the wasteful, inefficient use of taxpayer money that many people think it is. It has been shown to make tangible improvements in poverty reduction, food security, education, and disaster response while also guarding against the corrupt use of its funds. Investing in the safety and prosperity of foreign countries also has benefits for domestic security and economy. Perhaps most striking is the fact that extreme poverty is not an insurmountable problem; the annual spending needed to end extreme poverty worldwide in a short time frame lies somewhere between the U.S. foreign aid budget and the U.S. military budget. This means that the U.S. should substantially increase its foreign aid spending from the 1% of the federal budget it currently occupies, perhaps even approaching the 31% that is estimated on average. Misconceptions like this matter because public consciousness of government operations is crucial to representative democracy. Debunking popular myths for the sake of legislative support and action is a strategy that can and should be applied to a variety of policy areas.

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