

America's Retreat From Responsibility

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Foreign aid is an early fatality of the budget triage taking place under the Gramm-Rudman-Hollings Act. While Congress and the country have focused on the consequences of reduced funding for domestic programs and for defense, the fallout from relatively deeper cuts in foreign aid has been ignored. Such inattention is understandable--foreign aid is unpopular and no domestic lobby exists to make the case for it--but it also courts disaster for our national interests.

Even though the Supreme Court has declared the automatic-sequestration provision of the Gramm-Rudman budget-balancing act unconstitutional, the essential framework remains intact and Congress remains under a political obligation to demonstrate that it is serious about staunching the flood of red ink. Yet Congress should take the opportunity for one last look at the damage the budget law would do to foreign aid before eviscerating this vitally important program.

Recently, the House Appropriations Committee voted \$12.98 billion for economic and security assistance, as well as for contributions to international development institutions for fiscal year 1987, which starts Oct. 1. This represents a 10 percent cut from the FY 86 base line, which itself was a 10 percent reduction from FY 1985.

The heedless approach Congress is taking to foreign aid reflects a failure of understanding. Foreign aid funds are spent for everything from agricultural projects in India to jet fighters for South Korea, from peacekeeping in the Sinai to Peace Corps volunteers in Africa, and from food aid in the Philippines to expanded capital for international development banks. Most of the funds provided are not a giveaway but an investment.

Security assistance is an investment in deterrence. United States access to military facilities in countries like Turkey, Greece, and the Philippines contributes to regional balances of military power, thus making a Soviet military advance less likely. Helping countries like Pakistan and Thailand defend themselves reduces the chance that American troops will have to do it for them.

Economic assistance is an investment in global prosperity and political stability. Third-world economic development opens export markets for the U.S. and offers goods to Americans at reasonable prices. Moreover, it reduces the appeal of revolutionary movements that have no commitment to personal freedom, and are more likely to be aligned with the Soviet Union than with the United States.

Even humanitarian assistance is an investment. We are a better nation--in our own eyes and in the eyes of others--for our willingness to help those in need.

Nor, strictly speaking, is foreign aid a gift. Much of it is in the form of loans that are ultimately repaid. Almost all of it is spent on goods and services produced in the U.S., thus creating American jobs.

Because foreign aid to some countries is likely to be maintained at more-or-less current levels for a combination of strategic and political reasons, the cuts will be all the more draconian for nations that are not protected. One scenario calls for holding at constant levels Israel, Egypt, and six nations with which the US has special security arrangements--the Philippines, Turkey, Portugal, Spain, Pakistan, and Oman.

If these countries were not protected, vital US security interests could be jeopardized, ranging from continued access to Clark Field and Subic Bay Naval Station in the Philippines to our ability to sustain the resistance in Afghanistan. If these countries are protected, there would be no foreign military sales credits left for any other country.

To take but two examples of many: South Korea and Thailand, to which the United States has made security commitments, would get no loans for buying American military equipment, after receiving \$162.7 million (Korea) and \$80.5 million (Thailand) this year [FY 86]. With 850,000 North Korean troops offensively deployed just north of the demilitarized zone, it cannot be in the interest of the United States to weaken South Korea's indigenous capacity to defend itself. With 140,000 Vietnamese troops in Cambodia, neither can it be in America's interest to diminish Thailand's ability to protect its territorial integrity.

The projected cuts also undermine the prospects for a solution to the international debt crisis. If the debt burden is to be eased, not only must debtor countries make radical reforms in their fiscal policies, but multilateral and commercial banks must be willing to stretch out repayment schedules and provide new loans.

Yet the United States is already \$200 million behind in its contribution to the multilateral banks. New cuts in U.S. funds would represent a further failure to meet our responsibilities to the countries of the developing world.

To avoid disinvestment in our national security and economic prosperity, foreign aid should at the very least be restored to previous levels. At a time of continuing deficits, coupled with the constraints of Gramm-Rudman, that will require further cuts in defense or domestic spending, an increase in revenues, or some combination of both. Yet the task is relatively modest: returning to FY 1986, budget-authority levels would require only \$1.6 billion, equal to a 0.145 percent reduction in total spending, or a 0.184 percent increase in total revenues.

It will be up to Congress to decide how to make the trade-off. What is essential is that it recognizes that our national security requires that the trade-off be made. Even modest adjustments along these lines will inflict some pain, but will be nothing compared with that felt by our friends and allies around the world if they are forced to absorb radical reductions in United States assistance.

If Congress fails to reverse itself, foreign governments and peoples will have just cause to doubt their trust and confidence in the US. What leverage we have over the domestic and external policies of those countries will diminish if not disappear. The only party that stands to gain from our retreat from responsibility is the Soviet Union. Foreign aid may not be popular, but it is an essential element in the protection of our strategic interests and the promotion of our humanitarian ideals.