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America the "Stingy"? Hardly

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The other day, a United Nations official accused the U.S. of being "stingy" in terms of aid to tsunami victims in South Asia.

After criticism from the State Department, the official clarified his position. Americans aren't being stingy in helping tsunami victims, only stingy in terms of overall foreign aid compared with other countries.

This is a familiar attack. It comes up annually when the foreign aid appropriations bill is before Congress. But let's look at the facts.

According to the Organization for Economic Cooperation and Development, in 2003 the world's major countries gave \$108.5 billion in foreign aid. Of this, the U.S. gave \$37.8 billion, or 35% of the total. The next largest giver was the Netherlands, which gave

\$12.2 billion, following two years in which it was actually a net recipient of foreign aid.

The claim of stinginess, however, comes from a different calculation -- foreign aid as a share of national income.

In 2003, U.S. foreign aid came to just 0.34%, well below the world-leading Dutch at 2.44%. Other big givers were Ireland (1.83%), Norway (1.49%) and Switzerland (1.09%). The U.S. would have to triple its aid just to reach the lowest of these contributors.

The first thing one notices when looking at the big foreign aid contributors is that they all spend very little on national defense.

According to the Stockholm International Peace Research Institute, in 2002 the Netherlands spent just 1.6% of its GDP on

defense. Norway spent 2.1%, Switzerland spent 1.1% and Ireland a piddling 0.7%.

By contrast, the U.S. spent 3.4% -- and this was before the Iraq war. It's easy to be generous with foreign aid when another country basically defends you for free.

Another thing one notices is that the foreign aid data are only for "official" (i.e., government) aid. The data are sketchy, but by all accounts Americans are far more generous in terms of charitable contributions than the citizens of any other country.

A 1991 study found the U.K. gave the second largest percentage of private charity. But in 2003, charitable giving totaled 8.6 billion pounds, or 0.8% of GDP, in the U.K., according to the Charities Aid

Foundation, vs. \$241 billion, or 2.2% of GDP, in the U.S., according to the American Association of Fundraising Counsel.

Even this estimate of American charity is low because it counts only cash and not volunteer work. According to the Independent Sector, in 2003 Americans contributed \$266 billion worth of their time to charitable enterprises.

This is based on a value of \$17.12 per hour. Even if one uses the minimum wage, this noncash giving comes to about \$100 billion.

In the area of international aid, the official data also exclude private transfers, such as remittances by foreign workers in the U.S.

According to the Inter-American Development Bank, remittances to Latin America alone totaled \$38 billion in 2003 -- a sum greater than all official aid. And \$31 billion of that came from the U.S. In some countries, foreign

remittances came to more than 10% of GDP, thus having a significant impact on economic growth and poverty alleviation.

Former Agency for International Development official Carol Adelman calculated the total of all private foreign aid in 2000 in a 2003 Foreign Affairs article.

She found private foreign aid greatly exceeded U.S. government aid. Official aid came to \$22.6 billion that year. But private aid was \$35.1 billion, including \$6.6 billion from private voluntary groups, \$3.4 billion from churches, \$3 billion from foundations and \$2.8 from corporations.

Even this understates how much Americans help developing countries, because it excludes private investment and trade. According to the Institute of International Finance, in 2003 Americans invested \$124 billion in emerging market economies.

Americans also buy a considerable amount of goods from developing nations. This year, a third of our imports will come from these countries, providing jobs and incomes for millions of poor people.

In short, the stinginess charge is unfounded. The U.S. carries much of the world on its back, providing other nations with security, aid and much of their investment and income.

It also pays a fourth of the salaries of U.N. bureaucrats.

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