

# **US - Guns Over Butter Abroad and at Home (by Jim Loeb, IPS)**

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*Despite his administration's growing concerns about preventing the collapse of states in strategic parts of the world, U.S. President George W. Bush has proposed cuts in development and disaster assistance while increasing the defence budget by almost seven percent.*

Under his 2007 budget request submitted to Congress Monday, Pentagon spending next year would rise to some 440 billion dollars, not including another 120 billion dollars that the administration is expected to ask for as a supplemental appropriation to fund U.S. military operations in Iraq and Afghanistan through September, when fiscal 2006 ends.

By contrast, Bush's proposed 2007 foreign-aid request will remain roughly the same as last year's at some 24 billion dollars, the equivalent of what Washington spends in less than five months in Iraq.

Moreover, the president is calling for a nearly 20 percent cut in development aid — from roughly 1.5 billion dollars to 1.26 billion dollars in development aid — and similar cuts in disaster assistance and child-survival and health programmes.

"This administration has said there are three components to national security — diplomacy, defence, and development," said Mohammad Akhter, president of InterAction, a coalition of some 160 U.S. non-governmental organisations (NGOs) active in developing countries. "We see that diplomacy and defence are well taken care of, but development is the weakest tool in our kit. Yet that's where our long-term security lies."

While reducing aid in those areas, however, Bush asked for major increases in his two signature aid programmes: the Millennium Challenge Account (MCA), which was set up to reward "good performers" among poor countries, and his three-year-old programme PEPFAR, to combat AIDS, tuberculosis, and malaria — most of which is to be spent in 14 selected countries in Africa and the Caribbean and Vietnam.

He is asking for a total of four billion dollars for the latter, including only 300 million dollars for the Global Fund to Fight AIDS, Tuberculosis and Malaria — a multilateral agency especially favoured by AIDS activists who oppose U.S. conditions on the aid — and three billion dollars for the MCA, an increase of 1.25 billion dollars from the current level.

While Congress has generally approved the administration's AIDS-related requests, however, it has not hesitated to slash requests for the MCA, in large part because the fund has been very slow to qualify eligible countries for the assistance.

"Historical precedent suggests that the Millennium Development Corporation (which administers the MCA) may not come out with the funding requested," noted Stewart Patrick, a research fellow at the Centre for Global Development (CGD). He also said Congress was likely to increase aid for child survival, as it has in the past.

The defence and foreign-aid requests were contained in a proposed 2007 budget that totals 2.7 trillion dollars, an increase of 2.3 percent over the current fiscal year. Despite the increase, the federal deficit, if approved, would decline from this year's current estimate of a record 423 billion dollars to 354 billion dollars, according to the administration. However, its deficit forecasts have consistently proven over-optimistic.

With such a large increase in proposed Pentagon (Defence Department) spending, Bush's 2007 budget calls for either holding the line or reducing spending in social and education programmes, and even in community policing. In what could prove especially controversial in an election year, he is also calling for cuts in anticipated spending for Medicare, a popular health insurance programme for elderly and disabled people.

Bush combined the release of his budget proposal with a new appeal to make permanent tax cuts on corporations and the wealthy that were enacted during his first term. In a Washington Post column published Sunday, Bush's former top economic adviser, Douglas Holtz-Eakin, warned that tax increases were inevitable unless the budget and the size of the government were reduced.

With the Pentagon budget trajectory still headed upwards, however, such a prospect looks increasingly doubtful. On Friday, the Defence Department released its latest Quadrennial Defense Report (QDR) which, while rejecting calls to increase the size of its over-stretched ground forces in the Army and marines, urged major increases in its special operations forces (SOF), which are particularly costly to train and equip.

Also as part of its "war on terror", which has the Pentagon has renamed "The Long War", it is pushing full speed ahead on expensive new weapons systems that can intimidate potential rivals, such as China or Russia.

"Like the QDR, the fiscal 2007 budget reflects the department's continuum of change as we defend our nation, engage in the long war against terrorist extremism, and prepare for future potential adversaries," Defence Secretary Donald Rumsfeld said Monday.

The proposed foreign-aid bill also suggested continuity with the recent past despite Secretary of State Condoleezza Rice's recent call for major changes in the ways Washington conducts its business overseas, a process which she called "transformational diplomacy."

Apart from Bush's pet anti-AIDS and MCA programmes, the new foreign aid bill calls for a 70-percent increase in anti-drug spending, to some 1.5 billion dollars worldwide. Much of that will be spent in Afghanistan which, since the ouster of the Taliban in late 2001, has become by far the world's biggest source of opium and heroin. "The drug war comes out a real winner in the budget allocation," said Patrick.

He also expressed disappointment that development and disaster-aid programmes, which are designed to promote good governance and help the poorest and most vulnerable sectors in countries that risk becoming "failed states", fared relatively poorly in the budget request compared to the MCA, which is targeted exclusively on countries that perform well in both areas.

"It reaffirms the fears of a lot of folks that that the creation of these signature programmes, particularly PEPFAR and MCC, will lead to a gradual decrease in some of the other accounts that are critical for righting poverty and advancing development," he added.

The point was echoed by InterAction's Akhter. "It doesn't really make any sense to cut that component because, until you provide development assistance and health, people won't arrive at a point where they can take advantage of the MCA," he said.

State Department officials said some of the declines in the child-survival and health accounts will be made up in the expanded PEFAR programme. They also said funding for malaria prevention would increase significantly under the proposed budget.

Aside from changes in the overall spending on development and disaster aid and counter-drug assistance, most of the levels to both specific countries and multilateral programmes, including the United Nations and peacekeeping operations, are similar to those approved by Congress for 2006.

Economic aid to Central and Eastern Europe, including parts of the former Soviet Union, would decline.

On the other hand, State Department-administered economic assistance for Iraq, previously part of an 18-billion-dollar package controlled by the Pentagon, will skyrocket from just 60 million dollars this year to nearly 500 million dollars in 2007. Substantial increases in economic aid are planned for Afghanistan, Sudan, and Indonesia.

Some 6.2 billion dollars altogether are earmarked for countries that are considered key strategic allies in the "war on terror."

Military aid and sales overseen by the State Department would remain — nearly five billion dollars — would remain roughly the same, with the bulk going to Washington's two biggest economic and military aid recipients, Israel and Egypt.

Patrick said he was surprised that the budget did not feature stronger support for democracy promotion and other political and institutional initiatives designed to strengthen states and make them more responsive to its citizens, particularly given the administration's recent rhetoric.

"A main premise of Rice's transformational diplomacy is that the U.S. needs to marshal all of its resources to advance democracy and good governance in weak and failing states," he said. "But it's not clear how this budget request addresses the challenge."

A nearly 100-million-dollar Democracy Fund established by Congress last year will be parceled out to other existing programmes under Bush's proposal, while mainly nominal increases are planned for Middle East democratisation initiatives, the National Endowment for Democracy, and even public diplomacy.

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