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Transcript of a Conference Call with:

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Operator: Good day everyone, and thank you for joining today's conference call on U.S. aid to Africa.

Today's call is being recorded.

For opening remarks and introductions I would like to turn the call over to Ms. Susan Rice. Please go ahead, Ms. Rice.

Susan Rice: Good morning everyone. This is Susan Rice at the Brookings Institution. And we wanted to share with you this morning some results of an analysis that we've done on U.S. aid levels to Africa.

As you are probably aware, President Bush has stated on a number of occasions in recent weeks, particularly around the time of his most recent meeting with Prime Minister Tony Blair, that the United States has tripled its assistance to sub-Saharan Africa. And he's referred to the period of the last four years, making a comparison between the last completed fiscal year of the Clinton administration, FY 2000, and the last completed fiscal year of this administration, FY 2004. And he and others in the administration have said that they have actually increased aid to about \$3.2 billion.

We thought that was an interesting claim and decided to get behind the numbers, and we have looked at all “spigots,” to use the State Department terminology, for aid. That means every possible program through which aid could flow to Africa, from child survival programs and development assistance in USAID to economic support funds which are State Department security—often security-related funds, foreign military, financing, peacekeeping, AIDS, narcotics, non-proliferation, refugees, Peace Corps, the multi-lateral institutions like the African Development Bank, the Millennium Challenge Account Debt Relief, and, of course, food aid. And when you do that, the numbers paint a different reality than the administration has claimed.

In the first instance, the number for FY 2000, the last year of the Clinton administration, is considerably higher than the [Bush] administration’s numbers would suggest. The total for FY 2000 in nominal dollar terms, was \$2,034,269,000—\$2,034,269,000. The actual total for FY '04, the last completed fiscal year of the Bush administration was \$3,399,416,000. That is an increase in nominal dollar terms of 67 percent, or more importantly, in real dollar terms of 56 percent, which falls substantially short of a tripling. In fact, it’s not even a doubling, either in nominal dollar terms or in real dollar terms over the period fiscal 2000 to fiscal 2004.

What is also interesting is, when you get behind those aggregate numbers and you look at what they consist of, you’ll find that more than 53 percent of the total increase between fiscal 2000 and fiscal 2004 consists of emergency food aid, which is important; obviously it meets a need. It meets a need that varies from year to year depending on the circumstances on the ground. But it is not development assistance; it is not the sort of resources that enables countries to embark on a path of sustainable development. In effect, it’s important for life saving but it’s, from a development point of view, a band-aid.

So a substantial portion of that increase from 2000 to 2004, over 50 percent, is emergency food aid, not development assistance of the sort that is being sought by Prime Minister Tony Blair at

the G-8 Summit coming up next week and of the sort that the United States has been asked to increase.

If you look at fiscal 2005, which of course is not a completed fiscal year—and when we're having to deal with the administration's own estimates of what will be spent in fiscal 2005—again you don't find a tripling or even a doubling of assistance to Africa, although it has increased over fiscal 2004 if the estimates hold true. And in that instance, the real dollar increase over fiscal 2000 would be 78 percent, again less than the one hundred percent that would represent a doubling. And again, 50 percent of that increase is emergency food aid.

I have a great deal of detail behind these numbers, I'm happy to discuss them with you. But the big picture is that when you step back and look at what is on the table for decision at the G-8 Summit next week, it's Prime Minister Blair's proposal that aid to Africa be increased to \$25 billion by fiscal 2015. Most of our G-8 colleagues have agreed to that and more. In fact, most of our OECD country colleagues have agreed to the U.N. target affirmed in 2002 at Monterrey to achieve 0.7 percent of gross national income devoted to overseas development assistance by 2015.

The U.S. has not agreed to that, nor has it agreed to Tony Blair's more specific and less ambitious goal for Africa, which is to reach \$25 billion. And, in refusing to make that commitment, the administration has cited numbers with respect to its own increases in aid to Africa which are actually not borne out when one does the analysis.

I'm happy to take your questions.

Operator: If you'd like to ask a question, you may do so by pressing star one on your touch-tone telephone. Again, that is star one for questions. If you are on a speakerphone, please make sure

your mute function is turned off to allow your signal to reach our equipment. Once again, that is star one for question.

And we'll take our first question from Lawrence Freeman with EIR Magazine.

Lawrence Freeman: Yes, Ms. Rice, I have a question. Recently at the African Summit they promoted this idea that the Millennium Challenge Corporation was giving \$600 million in aid to four countries. They didn't say that they had given it; they said they were giving it in the future. Does that correspond to your figures or do you have a different set of figures?

Susan Rice: Well the Millennium Challenge Corporation did not disburse any dollars in fiscal 2004, zero to Africa or any other place in the world. In fiscal 2005 to date, according to the New York Times last week, the Millennium Challenge Account has disbursed \$400,000. And I'm giving them the benefit of the doubt and assuming that that's going to Africa, since Madagascar was the first designated and approved recipient of the Millennium Challenge Account.

So that \$600 million to which you're referring is a projection that I hope and expect will be borne out in future fiscal years but can't be counted either in fiscal 2004 or fiscal 2005 where we're looking at what was actually spent.

Operator: Once again if you'd like to ask a question, please do so by pressing star one on your touch-tone telephone; star one for questions. We'll take our next question from Richard Stevenson with the New York Times.

Richard Stevenson: Good morning, could you—putting aside the specific dollar figure debate, give us your characterization of the Bush administration's policy toward Africa, how helpful it's been, whether it's a movement in the right direction, and what specifically again beyond dollars you think they're doing right and wrong.

Susan Rice: Happy to answer that, Richard, but I think we've got to be careful not to characterize this as a debate. The administration has made some assertions about its spending levels which are, frankly, not accurate, we discovered as we did the analysis. And I think it's important to take the numbers on their face since the administration has actually focused on the dollar numbers as being the best indication of their commitment to Africa and the amount that—of attention and importance that it's devoted to Africa. So, I think those numbers take on even greater significance.

To characterize their broad policy I think, frankly, the record is mixed. There are some positive steps. The positive steps include the president's AIDS initiative primarily, but that initiative is itself flawed. It's back-loaded, it hasn't spent out at the rate the president promised. He hasn't even requested from Congress the levels he promised when he announced it at the State of the Union.

And there are important restrictions on those funds, like 33 percent of it has to be spent for abstinence programs, which in many contexts doesn't make sense. And, of course, the money is channeled through a parallel bilateral program that we set up at great expense rather than leveraging multilateral institutions, which exist and are working effectively like the Global Fund for HIV/AIDS.

But if you look at other aspects of the administration's policy there's a substantial gap between promise and reality. The Millennium Challenge Account exists largely in name only at this stage, having committed, according to your esteemed publication, only \$400,000 spent out to date some three years after the program was announced.

The administration has not stepped up to the challenge that Prime Minister Tony Blair and many of our G-8 colleagues, the UN Secretary General, and others have posed, which is to make 2005

the year that the international community finally gets serious about ending poverty in Africa and elsewhere.

And we have a historic opportunity to lead. It's an opportunity that is manifestly in our own interest to seize. We have a significant security stake in strengthening weak states in Africa and elsewhere so that they are not convenient breeding grounds for all sorts of transnational security threats from terrorism to disease to crime and narcotics.

Without strengthening those institutions both through development and enhanced governance, we leave ourselves vulnerable, ultimately, over the long term. And I think measured against that standard the administration's rhetoric has been more compelling than its actual performance.

Operator: Once again, that is star one for questions; star one for questions. Again if you are on a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that is star one for questions. And Ms. Rice, there appears to be no further questions at this time.

Susan Rice: Thank you very much.

Operator: I'm sorry; we do have a question from Jim Lobe with Enterprise Services.

Jim Lobe: Yes, I was wondering—I missed the very beginning of your press conference because I couldn't be connected for some reason. I apologize and maybe you've addressed this but I wanted to ask whether you thought that compared to the Clinton administration, which had a very reluctant Republican-led Congress to deal with, the Bush administration has shown leadership in marshalling aid from Republicans who normally would be very uninterested in it. Do you—do you give them credit for kind of pushing their own party into a more activist role on Africa?

Susan Rice: Well, I think it's important to look at the historical trend. Aid to Africa—and I think I'm correct but I'm not certain of this—foreign assistance in general, reached a low in the mid '90s at the sort of height of the Gingrich Congress. And it has been on—with respect to aid to Africa, on an upward trend ever since. Since—I think the low hit in fiscal '96, and the Africa numbers, about which I can speak with some certainty, have increased each year since. And in the Clinton administration it increased significantly even as the larger foreign assistance pie did not increase at a dramatic rate.

What President Bush has done since coming to office is to increase the overall foreign assistance pie more rapidly through his AIDS initiative, through spending in Iraq, through the promise of the Millennium Challenge Account, and through other means. And within that context, aid to Africa has also continued to increase.

And I'm—I think that upward trajectory that began in fiscal '97 and continues is wise; it's in the U.S. national interest. And I think that the president has had some success in persuading Congress of the necessity of this. But the fact is, Congress has under-funded the president's own requests consistently, including with respect to programs that bear on Africa like the AIDS initiative and like the Millennium Challenge Account.

So even President Bush has struggled to some extent with a Congress that has not given the priority and the urgency to his requests for assistance to Africa and other parts of the world.

Jim Lobe: Sorry, am I still on?

Susan Rice: Yes, you are, go ahead.

Jim Lobe: OK, yes, one other question. Obviously Bush is very invested in democratization in the Middle East and I was wondering how you as an Africa expert and watching what's been going on in

Sudan and DRC and so on see the relative priority being given to democratization in one region as opposed to survival in another? I mean do you have any thoughts about that?

Susan Rice: Yes. Let me begin by saying I don't have it at my fingertips but I can refer you to a piece I wrote in the Washington Post in February called "Money Talks," in which I actually examined the global democracy programs. And the fact is the president's rhetoric, with respect to democracy promotion in the Middle East as well as globally, has not been matched by increases in our dollar requests or dollar investments.

So I think it's important to point out at the outset that though we have spent a lot of effort and energy talking about promoting democracy in the Middle East and elsewhere, we have not made the sorts of investments—and even the president's own fiscal 2006 budget requests submitted after his inaugural address—do not request the significant increases in democracy programs for the Middle East or elsewhere that his rhetoric would suggest. And in fact, in several parts of the world, including the former Soviet Union and I believe Africa, the numbers for democracy have gone down.

Now also implied in your question is, you know, what about conflict in Africa versus democracy elsewhere? I don't think that's the way to look it. We have a significant and, I think, growing national security stake in several challenges, and we have to be able to tackle them simultaneously. Obviously, promoting democracy in the Middle East and elsewhere is one of them, and that's very important.

I would argue, equally important, is promoting development that's sustainable, that is targeted not just to high-performing states, as the Millennium Challenge Account suggests, but to weak states of varying degrees of caliber of governance in all parts of the world. We need to be concerned about weak states in Africa, in central Asia, and in south Asia that are vulnerable to predation by

transnational exploiters, whether they're terrorists, criminals, purveyors of narcotics, whether they're potential incubators for disease. And we haven't stepped up sufficiently to that challenge.

And critical also, and this is the third thing we need to do in Africa in particular but elsewhere as well, is effective prevention and resolution of conflict. That means active diplomacy on the front end. And I think the administration has not done all it could in Africa and elsewhere on the prevention side of conflict resolution. But it also means paying for post-conflict peacekeeping operations and post-conflict economic recovery, or so-called "nation building."

We need to do that from Haiti to Africa to other parts of the world that have been wracked by conflict. And it has to be a sustained investment. All of these things—democracy, development, conflict prevention and resolution, post-conflict recovery—have to go hand-in-hand, if we are to maximize our ability to secure our interests.

Operator: We'll take our next question from Leslie Wroughton.

Leslie Wroughton: Hello, Leslie Wroughton from Reuters here. Ms. Rice, I was to—what do you think President Bush can afford to go the G-8 with, you know, next weekend or this coming weekend? It seems what you're saying is that—I mean he's—we're hearing two sides of the story here but what do you think that he can afford to go to the G-8 with and make promises or do you think that it will just be a lot more rhetoric?

Susan Rice: I'm not sure I understand what you mean by what he can afford to go to the G-8 with?

Leslie Wroughton: Well, yes, I mean do you think he can go there with just promises of significant increase or, I mean is there any sort of idea that you have that he is taking—he's going to take something to the table as the G-8 because right now it doesn't look like there's anything?

Susan Rice: Right and I presume you're asking me what I think he's going to do as opposed ...

Leslie Wroughton: Yes.

Susan Rice: ... to what he could ...

Leslie Wroughton: And what he can ...

Susan Rice: ... potentially do?

Leslie Wroughton: ... right.

Susan Rice: All right. Where I think we are now is the White House will continue to claim that it has tripled aid to Africa. And I hope analyses such as this will cause journalists such as yourselves to ask them how they make that claim. That will be—continue to be—a centerpiece of their rhetorical strategy going into the G-8 Summit.

Secondly, they will tout the important but only initial step of debt cancellation for 18 highly—heavily—indebted poor countries, which is worth about, in the aggregate, about a billion and a half dollars to those countries on an annual basis. And that was an agreement that was hard-won, and certainly our government and the British government and the other G-8 governments deserve some credit for that.

But, if that's the extent of forward progress coming out of the G-8, this summit will be a significant disappointment. And not just for Africa, but for those who are campaigning for and feel it's in our national interest that we achieve substantial poverty reduction globally.

The other thing, of course, is the announcement that First Lady Laura Bush will travel to Africa just after the G-8. That's obviously meant to be a goodwill trip and any time somebody of that profile from the United States visits any part of the world it's intended to send a positive signal. But I think everybody will be interested to see what lies behind her trip, whether there are more than photo opportunities and goodwill spread.

And, so I think there is a possibility, as we look to the summit, that the administration will try to put forward something additional. I think it will be relatively modest. I think it might be focused on disease—that they will be able to say is another ante, so to speak, from the United States with respect to the G-8 global poverty reduction agenda, particularly as it relates to Africa.

But I think all of that amounts, frankly, to sidestepping the larger challenge and the larger imperative, which is to substantially increase the quantity and the quality of U.S. and other G-8 assistance to Africa and other parts of the developing world.

It also means the importance of achieving an agreement in the WTO on agricultural subsidies, which do so much harm to producers in Africa and elsewhere. And it also requires further opening of the U.S. and other developed country markets to goods and services from Africa and other parts of the developing world.

There's a multifaceted agenda on the table that is not just aid and it's not just debt. It has a trade component to it. It has many aspects to its development objectives.

Operator: Once again, that is star one for questions. There appears to be no further questions at this time.

Susan Rice: Thank you very much.

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