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EMBARGOED FOR RELEASE:
Monday, June 18, 2001, 11:00 a.m.

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**IN 2002, U.S. AID TO POORER NATIONS WOULD HIT POST-WWII
LOWS AS A SHARE OF THE ECONOMY AND THE BUDGET**

As a share of the U.S. economy — and as a share of the federal budget — development aid from the United States is on course to set a post-World War II low in 2002.

This is documented in a new report from the Center on Budget and Policy Priorities that tracks development aid spending patterns since the end of World War II. The further declines would occur, according to the report, even though the United States already devotes a much smaller share of its resources to such aid than any other comparable country.

The report examines the Bush Administration's budget, which in fiscal year 2002 would spend an amount on development, humanitarian, and economic aid essentially equal to the level in the Office of Management and Budget "baseline."

The report finds:

- Under the Administration's budget, the United States would devote resources equal to only 0.1 percent of the U.S. economy to development aid in fiscal year 2002. This would represent the smallest share of national resources devoted to development aid in the post-World War II era. Compared to the 1980s, the share of the economy dedicated to development aid has fallen by

Discretionary Spending on Development and Humanitarian Aid			
	1980s Average	In 2002 under Administration's Budget	Comment on 2002 Figures
Inflation-adjusted level (in 2002 dollars)	\$13.4 billion	\$10.9 billion	Significantly below historic average
As a share of the economy	0.20%	0.10%	Post-World War II low
As a share of the budget	0.92%	0.56%	Post-World War II low

Source: Center on Budget and Policy Priorities analysis of data from the Office of Management and Budget and U.S. AID

half. (The figures here reflect the budget category labeled “development and humanitarian” assistance as well as Economic Support Funds.)

- Measured as a share of the federal budget, development aid would equal 0.56 percent of total federal expenditures in 2002. That would be the lowest share of the budget devoted to development aid since the end of World War II.
- Under the Administration’s budget, development aid would decline further after 2002 as a share of the economy and as a share of the budget.
- In dollar terms, the Administration proposes to spend \$10.9 billion on development aid in 2002, some \$380 million below what will be spent in 2001 after adjusting for inflation, and further below the levels of the 1980s. (The Administration proposes an “appropriations” level for development aid in 2002 that is slightly higher than the 2001 level, after adjusting for inflation. The funds appropriated for a particular year are not all spent in that year.)

The report also finds that the initial indications on Congressional action suggest that Congress will adopt funding levels generally similar to those the Bush Administration has proposed.

International Comparisons

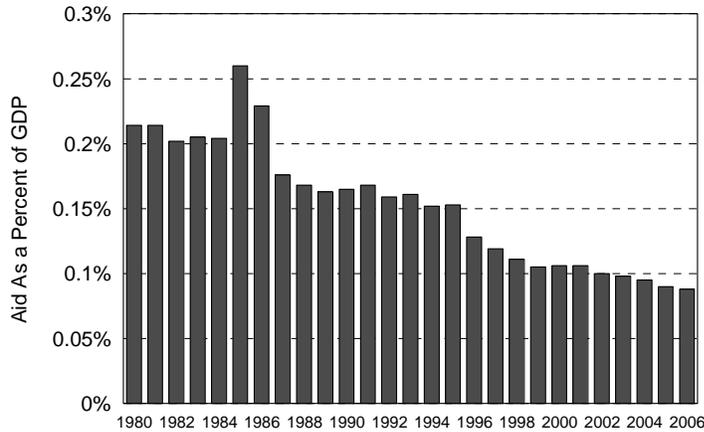
The report also examines data from the Organization for Economic Co-operation and Development, the authoritative source for comparing various industrialized nations’ levels of development assistance:

- These data show that the United States ranks the lowest of all 22 OECD countries examined in the share of the economy devoted to development aid. In 1998-1999, the typical OECD country contributed three times the share of national resources in development aid that the United States did.
- The United Nations has established a target that donor nations should provide in aid to poor countries of 0.7 percent of the donor nation’s gross domestic product. Four European nations met or exceeded this goal in 1998-1999. The United States contributed only one seventh of the target.

Finally, the report briefly compares resources and living standards in the United States to those of other nations. On average, each American has 75 times the average annual income of each person in the world’s low-income countries. Some 1.2 billion people in developing or transitional countries — four times the total U.S. population — live on less than \$1 a day.

These facts provide some context for coming Congressional deliberations concerning what funding level to provide for development, humanitarian, and economic aid in fiscal year 2002. “The United States would have to increase its foreign aid commitment substantially to reach the levels that other affluent nations provide or just to return to its own level of commitment in earlier

U.S. Spending on Development Aid As a Share of the Economy 1980-2006



Source: Center on Budget and Policy Priorities analysis of Office of Management and Budget data. Figures for 2001-2006 reflect the estimates from the Administration's budget proposal.

decades,” noted Isaac Shapiro, director of the Center’s International Budget Project and author of the report. “Instead, the nation appears to be continuing the trend of long-term decline.”

A full text of the analysis, *As a Share of the Economy and the Budget, U.S. Development and Humanitarian Aid Would Drop to Post-WWII Lows in 2002*, is available at the CBPP website, www.cbpp.org. The report will be released at a press briefing on June 18 at 11:00 a.m., at which Ambassador Princeton Lyman of the Aspen Institute (whose governmental appointments have included Assistant Secretary of State for International Organization Affairs and U.S. Ambassador to South Africa) and Michael Kremer of Harvard University and the Brookings Institution will speak.

The Center on Budget and Policy Priorities is a nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.

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