AMERICA’S DEVELOPMENT AID TO CHINA: PROBLEMS & PITFALLS

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# Table of Contents

I. Giving Developmental Foreign Aid to China .......................................................... 2  
   A. Why Do We Give It? ......................................................................................... 2  
   B. Do They Really Need It? .............................................................................. 3  
   C. Policy Objectives in China ......................................................................... 5  
   D. Our Debt to China ....................................................................................... 6  
   E. Why Do They Take It? .................................................................................. 7  
   F. Policy Objectives in the Region ................................................................. 7  
   G. Does It Help The Region? ........................................................................... 8  
   H. Does It Help China? ..................................................................................... 8  

II. Explain the Concept of Development Aid and the Different Types .......................... 10  
   A. Who Give Out This Aid And Who Receives It? ........................................ 10  
   B. Development Aid ......................................................................................... 11  
      1. Giving Them Money ................................................................................. 12  
      2. Giving Them Food ................................................................................. 15  
      3. Growing and Training Their Military .................................................. 16  

III. History of American Foreign Aid in Asia .......................................................... 18  
   A. When Did We Start? .................................................................................... 18  
   B. Why Did We Start? ..................................................................................... 20  

IV. China’s Foreign Aid ............................................................................................ 21  
   A. Handing Out and Loaning Money ............................................................. 21  
   B. Who They Are Giving It To? .................................................................... 21  
   C. Undermining Our Policy Objectives in the Region .................................. 22  

V. How Much To They Actually Get Anyway? ....................................................... 23  
   A. What kind of aid is it? ................................................................................. 23  
   B. Who does it actually go to? ...................................................................... 23  
   C. Who does it actually come from? ............................................................ 24  

VI. Counting the Cost .............................................................................................. 25  

VII. Biblical Imperative to Help Others .................................................................. 27  
   A. Humanitarian or Development Aid? ......................................................... 27  
   B. Christians as Stewards of God’s Money ................................................... 27  

VIII. Conclusion & Policy Proposals ....................................................................... 28  
   A. Explore the Reasons for Giving Foreign Aid ........................................... 28  
   B. Take A Better Look at the Status of Countries before Committing To Send Aid 29  
   C. Create Standards for Countries to Meet Before Sending Aid .................. 29  
   D. Collect Advice and Input from NGOs and Professionals Who Work In Country 30
I. Giving Developmental Foreign Aid to China

One of the current issues involving the topic of foreign aid is giving developmental foreign aid to China. Part of the controversy centers around the fact that, unlike humanitarian aid, development aid is often used as a policy tool by nations. Sometimes the donating government also has a department that specifically deals with providing the development aid such as USAid which can be part of the problem. America’s development aid is not achieving its objectives because of how it is being distributed by USAid and how it is being used and appropriated by the recipient country’s government. The history of American developmental aid in Asia is a very convoluted one. The US has been involved in giving development aid to Asia for many decades. How did it all begin? When did the US start providing this aid? Why did the US start providing this aid? Was it for humanitarian reasons, policy reasons, or maybe a little of both? The whole concept of developmental foreign aid is controversial. There are many different theories and opinions about how much aid to give, the recipient countries or governments should be, and even when the United States should give it. The question is why is the US so involved in this area? In order to answer this question, I am going to start by looking as the US’s policy in that region, then their policy in China.

“National interest obviously plays a role. The US, for example, uses its aid to China in part to promote human rights and democracy initiatives through NGO [Non-Governmental Organization] and civil society activities. More altruistically, there is a case to be made for providing aid to the poorest people, not just the poorest countries; the global poor are increasingly concentrated in so-called ‘middle-income countries’”

Naturally, the US also wants to maintain a presence in that region to maintain the peace and close ties with their allies. Of course, there is also the destitute and needy in those countries that
need aid as well. One has to wonder though, if they have the funds to loan money to the US, then why do they need all the development aid from the US. The money the US does give them goes to developing specific issues and areas in China.

“Roughly half of the U.S. funding is administered by the U.S. Agency for International Development (USAID), which focuses on four main areas in China: environmental protection, rule of law, HIV/AIDS, and sustainable development for Tibetans. "I believe that our foreign aid to China furthers U.S. interests," said Sen. Ben Cardin (D-MD), who chairs the East Asian and Pacific Affairs Subcommittee of the Foreign Relations Committee, in a phone interview. But a USAID official, who asked to speak on background, took issue with calling the assistance to China "aid." "The US is using some assistance to do technical cooperation in a few key areas, which are narrow and defined in scope," the official said. It's "directed" assistance, the official added, noting that these programs were not controversial.”

Since China is currently the biggest player and largest economy in the region, it would seem to make sense, from a policy standpoint, for the US to remain invested in them. Their continued stability is in the US’s best interests because an unstable China could destabilize the whole region and threaten the US’s allies in Asia, especially Japan and South Korea. Also, if China does not look to the US for support, then there is the danger they will turn to Putin and Russia. This would cause a major shift in international politics and could jeopardize the US’s position on the world stage.

With the vast size of their economy (their annual budget is nearly ten trillion dollars a year) do they not have the resources to take care of their people on their own?
“In 2010, China surpassed Japan as the world's second largest economy. In the years since, its economy has grown roughly four times as fast as Japan and the United States; a March report by the Organization for Economic Cooperation and Development (OECD) forecast that China will overtake the United States as the world's biggest economy by 2016, when assessed in purchasing power parity terms. China has the largest foreign exchange reserves in the world – $3.4 trillion, as of the first quarter of 2013.”

With all of this money at their finger tips is it really necessary for them to receive so much from the US?

“In August 2011, a bipartisan group of U.S. Senators wrote a letter calling for the end of development aid to China, stating that "China certainly has the financial resources to ... care for its citizens without relying on U.S. assistance." A November 2011 hearing before the House Subcommittee on Asian and Pacific affairs entitled "Feeding the Dragon: Reevaluating U.S. Development Assistance to China," focused on the $3.95 million USAID used to “engage China as a partner in addressing climate change," and on why the United States borrows "money from China to give back to China to help it fix its own domestic problems."4

There have been many congressional hearings on this topic over the years and every time they meet a new Congressional Research Service Report is created. So far nothing has changed. Various congressmen have expressed their frustration with the situation and their inability to sell this idea of giving aid to a seemingly self sustaining country.

“In that hearing, Congressman Steve Chabot (R-OH) peppered Nisha Desai Biswal, USAID's assistant administrator for Asia, during testimony, noting that it's a "hard sell explaining to the American people" why "China can't use their own money" to fund
assistance to China. Since then, Congress has reduced or withdrew aid in some areas, such as environmental programs. "The need for U.S. involvement is not as strong as it was in the past," says Cardin.\(^5\)

As has been seen in the US itself, even the most industrial nations still have problems with poverty. China has been growing so fast their infrastructure has not been able to keep up with their economy. This is a result of their tremendous success and expansion as an industrial nation in the last thirty years. Albeit, at the cost of increased overcrowding in the cities and the changing of the environment. Also, there is an incredible lack of healthcare and rampant poverty in the rural areas since all of the infrastructure development has been geared towards industrial areas and the cities. With these circumstances it would seem that they do need the help that countries like the US can provide. If their policy objective is really to maintain stability and promote democracy in the region then having a presence in China would seem to be beneficial for all concerned. China also has a lot of clout with countries like North Korea and Vietnam being a fellow Asian country as well as a fellow communist country. Giving aid to China keeps the US’s influence present and promotes freedom and free trade in the other countries of the region.

As for their policy objectives in China itself, the US’s state department stated concerns have mostly been over their civil rights violations. That is why a large percentage of the money...

“...is spent on programs that advance "human rights, democracy, rule of law," and is mostly given to U.S.-based NGOs and universities that operate programs in China, "although Chinese NGOs, universities, and some government entities have participated in, benefitted from, or collaborated with U.S. programs and grantees," according to the May
Congressional Research Service report. This shows that "U.S. promotion of democracy and rule of law [in China] has not totally disappeared as a policy matter," says Dan Blumenthal, director of Asian Studies at the American Enterprise Institute.6

However it seems as though another concern is simply maintaining good relations & avoiding another Cold War. If there was another Cold War, and China became a hegemon in Asia, that would not only cause a huge disruption in trade, but it would also make the region dangerous for the US’s allies. It would not help the US either partially because of the debt they owe China. It does not make sense for them to loan the US money only to have the US turn around and offer it back to them in the form of aid. Is this partly a payback? Would they call in the US’s debts if the US stopped giving them aid? This is something worth considering. They would not be likely to call in the US’s debts all at once as this would cause a massive disturbance in the US that would likely hurt them by extension.

“China is not in a position to threaten the U.S. with financial “terrorism” of any kind. A decision by China to sell off massive positions of U.S. debt would send the American economy into a downward spiral, harming not only the value of China’s investments, but also China’s export-driven economy.7”

However, the fact that the US owes them money does give them leverage against the US. That is, if the US should do something that China thinks is trying to undermine them in an obvious way – or, if the US should try to manipulate them or the region and push them too far by doing so. Given all of these potential problems and entanglements, why does China accept it? One theory is related to their high unemployment. According to some estimates their unemployment is much higher than they would lead others to believe. A couple of problems that China has, that they are actually willing to admit, are weak infrastructure in rural areas and problems with
overcrowding in the cities. Many of the rural areas still lack necessities such as basic healthcare and education while in the cities the government is having trouble keeping up with social services in the cities including; public transportation, trash pickup, and sewage treatment and transportation.

The US is trying to help other countries and the region as a whole indirectly by helping China. Or at least that is what the state department and USAid seem to think. The current president’s stated objectives in the region are:

“strengthening traditional alliances, strengthening partnerships with other regional countries, managing and developing a cooperative relationship with China, participating in and working with multilateral regional mechanisms, developing and strengthening trade relations (through the Korea-U.S. Free Trade Agreement and the Trans-Pacific Partnership)”

Is this really effective? Considering China’s influence, is making them stronger a good thing for the region? Is supporting China really helping the US to “strengthen our partnerships with other regional countries.” No, it is causing the US’s relationship with Japan to become strained. They have been feeling the weight of China’s economic growth and increased military presence firsthand in their position as China’s largest economic competitor in the region and the third largest economy in the world. In the last several decades, they have slipped from second place, behind the US, in the world economy, to third place behind China. Also China has been freely handing out developmental aid of its own to other countries in the region and Africa.

“…Beijing is now a major international donor itself, providing billions of dollars of aid and favorable loans to African and Asian countries. I asked Kae if China provides any aid to Japan. "No, of course not," she said. (USAID said it wasn't appropriate for them to
comment on whether the United States would welcome aid from Beijing, or whether China currently gives any aid to the United States. A State Department spokesperson referred the request to the Federal Emergency Management Agency; a spokesperson there did not respond to an interview request.)"10

Another concern for the state department is that China’s aid is not tied, meaning that it does not have to be used in recipient country. (Tied aid comes in the form of a loan that, once given, requires that the recipient use it to buy products from the loaner.) Most of the US’s aid is either tied or given to a country to help in a specific area like a categorical grant. To all appearances China is just handing out money with no strings attached. If this is truly the case, then what does that say for the United State’s influence in the region. Why would these other countries come to the US for money, which the US tells them how and where to use, when they can just go to China for handouts instead? Not that tied aid is necessarily a good thing or a bad thing in and of itself, but there has been some rumbling and dissatisfaction among third world post-colonial countries. Some of them seem to think that the US is using this money to get increase their influence in the area as a way of controlling their countries – be a sort of colonial power without actually being there in person. This is called neocolonialism. Or, “…the continuation of colonial exploitation without formal political control. This concept also covers the relationship of the global south with the United States, which (with a few exceptions) was not a formal colonizer.”11

So, the question remains, is the US’s aid actually being utilized for the betterment of the region? Or is the US afraid of the consequences that would result if they stopped giving China development aid? Such potential results as China using their influence to turn others against them. Is this not what the surrounding countries are already doing? If these countries are getting aid from China, then would they not already have closer ties with China than with the US?
Unless of course they are playing both sides against the middle and taking aid from both the US and China as some Eastern European and Asia Minor countries did during the Cold War. Then there remains the whole issue of whether or not the US is trying to meet policy objectives, or actually help the people in Asian countries through altruistic motives. If the US is trying to accomplish the latter, then the evidence suggests that they are not going about it in the right fashion.

There is a theory that giving too much aid to a country creates dependence because all the foreign aid is destroying their economy. This is called dependency theory. This occurs when so much of a certain product or service is dumped into a country the market is flooded with cheap or free goods. Thus creating more supply than demand, and driving down the prices of the home country’s goods. This causes many farmers and workers in rural areas to go out of work because most of the aid that is distributed is in the form of food. Dependency can also damage a country’s infrastructure; if you are handing them food, clothing, or something else they would normally make for themselves then they never develop the resources or industry to create these goods, let alone maintain the skills or related job positions. Abilities are lost and neglected because they are not economically viable and the whole system begins to deteriorate.

“Marxist IR scholars have developed dependency theory to explain the lack of accumulation in the third world. These scholars defined dependency as a situation in which accumulation of capital cannot sustain itself internally. A dependent country must borrow capital to produce goods; its debt payments then reduce the accumulation of surplus. 12

This is why many countries have been looking for foreign capital and investment instead of food handouts. They have also resorted to tariffs, subsidies, and other protectionist measures
to protect their own agricultural sectors in the face of aid and competition from Multi-National Corporations (MNCs). As a result of some of these problems, countries are becoming a little leery of aid from more powerful industrialized countries. Even China does not want to admit they are taking aid from the US or from any other countries either, for that matter. “Foreign aid is sensitive in China as well. In the wake of an earthquake this April, Beijing declined Tokyo's offer of assistance. Yet Japan gratefully accepted a 15-member team sent to help search for survivors after Japan's March 2011 tsunami.”

What makes this whole situation even stranger is the fact that US governmental organizations working in China are not willing to call their assistance development aid either. Maybe this is because China uses some of the US’s aid to give aid to other countries and promote their own policy goals there.

II. Explain the Concept of Development Aid and the Different Types

Part of the issue is the lack of understanding of the various types of aid. The two main kinds of aid are development and humanitarian. Humanitarian aid is given after natural disasters like tsunamis, earthquakes, typhoons, and tornados. Or after other types of disasters like bridge/overpass collapses, terrorist attacks, and nuclear power plant failures. The United States is one of the main givers of this type of aid. While there is very little debate about whether or not to help people after natural and manmade disasters, (humanitarian aid) there is a great deal of argument about the use and distribution of development aid – especially to countries such as China. Development aid, also known as foreign aid and government-sponsored investment activities (or FAGIA) is financial aid in the form of loans or grants that go towards improving the economic, social, political, and environmental progress of developing countries. The most common type of development aid is economic; which is used for developing and building
infrastructure, finding and extracting natural resources, or debt cancelation. The type of development aid given and the method of distribution depend on the government or organization giving the aid and the recipient country. Many of the development aid projects are disseminated in the form of multilateral aid. Multilateral is aid given from one country to an intermediary organization who then distributes that aid. Some of the organizations that do this are: The United Nations International Children’s Emergency Fund (UNICEF), World Bank, the United Nations Development Group (UNDG), the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), the United Nations Development Programme (UNDP), The World Health Organization (WHO), the United Nations World Food Program (WFP) & other UN organizations. Other organizations that perform the same function while not being a part of the UN include: The Economic Cooperation Organization (ECO), the International Monetary Fund (IMF), The Organization for Economic Co-operation and Development (OECD), The Development Assistance Committee (DAC), & other intergovernmental organizations (IGOs).

IGOs are organizations that are part of and run by multiple governments. As a result their span of control often covers numerous countries and continents. The UN organizations, especially UNOCHA, are particularly helpful in insuring that the actions of foreign governments are coordinated when they are sending relief to a disaster area. UNICEF, UNDG, ECO, OECD, WHO, and DAC are IGOs that are active inside of various nations on a consistent basis providing development aid in the areas of concern to them. In the case of the UN organizations, they have specific areas that they were created to deal with like reducing epidemics or providing care for impoverished children. The non UN organizations are IGOs that governments in Europe and other places have banded together to create. These organizations have specific economic development goals for the regions that they are working in and structure their aid around these
goals. There has been some concern that they are not truly serving the people in impoverished nations by having these goals and enforcing their methods and standards on these countries. This is a common complaint against the IMF and the World Bank and their policies. These organizations can also be a platform for various countries to enforce their policy objectives on recipient countries – a perfect example of the old carrot and stick diplomacy – just in a slightly more tactful and unobtrusive way. Given these concerns it seems wise to explore the reasons for giving developmental aid. If there is a natural disaster people want to help. However it is a makes sense from a policy perspective to pay attention to the way aid is given out and what kind of aid is given. That appears fairly straight forward. The reasons for and motives behind development aid are more convoluted though. There are policy reasons, national security reasons, economic reasons, and many others that drive the giving of development aid.

The most common way to distribute development aid is by just giving other nations money. Usually this involves simply handing checks to foreign governments and the people in power. This is called bilateral aid or aid that is given from one government to another without any middleman. This money is supposed to be used to build roads, hospitals, schools, train police forces, etc. and to create welfare systems to care for the citizens of the country. However, since many of the governments that the money is going to are corrupt and unstable the money often goes to line the pockets of these rulers. As Steven Radelet of the Center for Global Development says, “First, aid simply could be wasted, such as on limousines or presidential palaces, or it could encourage corruption, not just in aid programs but more broadly.” After all, Saddam Hussein took the aid that the US gave him (as part of the food for oil program) for himself and built palaces with it and provided luxuries for himself, his wives, and his sons. “Second, it can help keep bad governments in power, thus helping to perpetuate poor economic
policies and postpone reform. Some argue that aid provided to countries in the midst of war might inadvertently help finance and perpetuate the conflict, and add to instability.” 15 This was Saudi Arabia’s claim when the US was providing aid to Israel during the Six Day war. They viewed Israel as the aggressor and claimed that even providing them with non-military aid was helping to maintain Israel’s belligerence. “Third, countries may have limited absorptive capacity to use aid flows effectively if they have relatively few skilled workers, weak infrastructure or constrained delivery systems. (Aid could help redress these weaknesses, but it may not be aimed to do so).”16 Often the type of development aid that is given is not what the country needs the most. The US dropped leaflets on Iraq and Afghanistan, but then discovered that 90 % of the country was illiterate and they had ended up using the leaflets as fire starters and as toilet paper. They also gave the farmers tractors to help them with the farming, but they discovered that this decreased the available jobs and led to young men joining terrorist groups to earn money. “Fourth, aid flows can reduce domestic saving, both private saving (through its impact on interest rates) and government saving (though its impact on government revenue).” 17 If the US is giving the recipient country money for certain projects and they know that this aid will always be there they may come to rely on it instead of developing their own infrastructure to deal with the problem. This is the same concept as too much aid depressing the economy which is the final point.

“Fifth, aid flows could undermine private sector incentives for investment or to improve productivity. Aid can cause the currency to appreciate, undermining the profitability of the production of all tradable goods (known as the Dutch disease). Food aid, if not managed appropriately, can reduce farm prices and hurt farmer income.”18
Given these facts is it even worth it to give money to other countries. Should governments be giving aid to other governments if it does not reach the people? Of course this is not necessarily the point of the aid. It could be given for policy reasons. In that case these consequences may not be as relevant to the donor country – at least this may be the case from the perspective of the donor government.

As a result of these abuses, organizations like the International Monetary Fund were created to bring some order and uniformity to the distribution of monetary aid. Before the IMF will give a country a loan they have certain criteria that the countries will have to meet. Most of these changes are things that the IMF knows will help the country in the long run. It “is called an IMF conditionality agreement; implementation of these conditions is referred to as a structural adjustment program…The terms insisted on by the IMF are usually painful for the citizens…The IMF demands that inflation be brought under control, which requires reducing state spending and closing budget deficits. These measures often spur unemployment and require that subsides of food and basic goods be reduced or eliminated.”

However, the resulting economic and social conditions often cause unrest and disillusionment in those countries.

“On quite a few occasions, a conditionality agreement has brought rioters into the streets demanding the restoration of subsidies for food, gasoline, and other essential goods. Sometimes governments have backed out of the agreement or have broken their promises under such pressure. Occasionally governments have even been toppled.”
Many nations see this as a way for a UN organization or an IGO to force them to westernize. There is no denying that the tantalizing prospect of a loan is a very effective carrot to encourage specific action.

One other option, and the second most common form of aid, is giving them food. Of course this helps with starvation and malnutrition. While this can be a beneficial thing, if the US floods their region or country with food it can depress their market & economy. One example of this is in Indonesia after the tsunami last year.

“The Acehnese who lost their livelihoods needed food, but there was actually plenty of food to be bought. Indonesia’s foreign minister told the world not to send rice. The coast had been devastated, but not far inland life was normal— in fact, harvests had been excellent. What was disrupting the food market was not the tsunami, but the sacks of rice that were coming in. So many people were getting rice for free that local markets couldn’t sell it. Farmers were undercut and supply chains fell apart.”

Help like this can make them even poorer and more dependent since they give up farming for lack of a market. As a result they are forced travel to food distribution centers for sustenance as has been seen in many of the countries in Africa that receive development aid such as Kenya.

“…people in cities or farming areas who are too poor to buy food may benefit more from cash. Nowhere is that more obvious than in Kenya's Kerio Valley, where avocados blush red in the sun, bananas grow juicy, and plump goats play king of the castle on tree stumps…There is food in the market but most lack the money to buy it. Dumping sacks of corn would fill bellies but put farmers out of business.”

This raises the question of how much aid is too much and how is the US to know. Also, given this possibility, should the US even give them food? The US does not want them to die of
starvation, but is the US willing to sacrifice a future good for a present remedy. One way that some IGOs and NGOs are surmounting this problem is with special programs like start-up businesses in Africa. Other organizations have started distributing money or vouchers to people in poor countries that they can use to buy locally grown food at the local market, which, in turn, helps to stimulate the economy. In one location,

“…several aid organizations working locally decided to try something different. They bought local food to distribute to the people to whom they would have otherwise donated food. Save the Children and CARE gave those in need cash or vouchers they could use to get food the way they always had: by going to the market and buying it. Mercy Corps paid residents to clear debris. The Swiss Development Corporation provided cash grants to families hosting the displaced.”

That extra stimulus goes back to the farmers so they can put it into growing more and better crops which they can sell at the next market and the cycle continues. There has been a move to implement this in the US policies also. After the failed projects of the seventies and eighties where parts of some economies in Africa were ruined and greater dependency on foreign aid was inadvertently created.

One other type of development aid that governments often engage in is growing and training the military of third world countries that are allies or who support a common cause. Sometimes this has worked, but often times it does not. In South Korea the US’s aid enabled them to fight against North Korea and today they are one of their strongest allies in the region. However there are many more examples of when it has hindered the US’s policies in the region, than there are success stories. Some examples of when it ended up making things worse in the long run are South Vietnam, Syria, and Egypt. One of the things that made these three
particularly bad is that the US did not just offer them help and training, but the US also gave them some of their own military hardware. In the case of South Vietnam the military equipment the US had given them was appropriated by the government of North Vietnam. In the cases of Syria and Egypt, all of the aid the US gave them was just used to brutally put down and stop any protests or insurrections. Now there are two militant governments in the region armed with some of the US’s technology. This gives them an edge over their neighbors and makes them more of a threat to the US. The justification for giving this aid is that it will help to maintain the internal security of these countries and enable them to defend themselves and fight against terrorists (as in the case of Pakistan). In some cases the US’s assistance has enable countries to defend themselves and/or provide a stabilizing force in the region as well as helping the US maintain close ties with them (as in the case of Israel and The Czech Republic). In most other cases it seems as though these countries are simply absorbing the US’s aid and showing nothing in return for it. Pakistan has remained as unstable as ever as have Bosnia and Herzegovina in spite of the millions of dollars the US has pumped into them. One other justification is that if the US does not give them aid then they will go looking for it to Russia and China. This would weaken the US’s position in the area and with the recipient country. The US is keeping them in their sphere of influence by providing them with this aid. Russia and China are powerful enough already, the US does not need them gaining more allies in the power vacuum that would be created by their absence. Therefore it is vital for their national security interests to maintain the current level of aid to them. One has to wonder though, is that really the reason for the US’s aid. How does the US know that they may switch sides and go over to Russia or China? If they have threatened to do so, then it would seem more like a kind of blackmail than a strong foreign policy. Even if this were the case, it would almost be worth it if giving them military aid really did keep them on the
US’s side of the fence and help them keep their neighbors inline. Of course there is always the danger that they will try to take over their neighbors or eventually become a threat to the US anyway because of their growing military power and influence in the area. That has been known to happen.

**III. History of American Development Aid in Asia**

The first recorded instance of the US giving aid to China comes in title IV of the Marshall plan.

“Under provisions of title IV of the Foreign Assistance Act of 1948, China and Korea, although not participants in the Marshall Plan, were furnished assistance in a similar manner… The view by the Truman Administration in the spring of 1948, of the on-going Chinese revolution was that the Communists under Mao Zedong would fail to control China with one government, if they won over the Nationalists under Chiang Kai-shek at all. In either case, non-industrialized China still struggled to shed centuries of feudalism and was judged incapable of mounting any threat to the western hemisphere.”

Of course Mao did end up winning. As China then became a communist country and an ally of Russia, American aid stopped. This was partly because they were now an enemy and partly because Mao shut China off from the rest of the world – except for Russia. In fact,

“The United States established a massive military presence in Japan and the Philippines, and Mao’s forces controlled all of China, though they were isolated and needed foreign assistance. Stalin waited until the Chinese civil war was over and then offered economic aid to Mao in return for allegiance.”
That put an end to US Chinese relations for a good twenty years. At that time, “the aid [that the US was distributing through the Marshal Plan] was economic in nature; it did not include military aid until after the Korean War.”

“While other countries recognized the new government, the United States, vigilant against the spread of communism, refused to formally recognize the People's Republic until three decades later with the visit of President Richard M. Nixon. Until that visit, the American government recognized only the Nationalist government on Taiwan as the legitimate government of China.”

In 1969 Richard Nixon took advantage of a growing divide and near war between Russia and China to begin making overtures to China. He wanted to strengthen the US interests in the region and wean China away from Russian influence and control.

Mao, for his part, was interested in gaining an ally against the Russians who were his main enemy at the time. Not that Mao liked the US, but as the old adage says, the enemy of my enemy is my friend. This is the principle that Mao appeared to be operating under at this time. Plus by that time, all the economic and social policies that Mao had tried over the decades had failed miserably.

“By 1969, the country lay in ruins. The entire educational system had shut down, the party was demolished, factories were operating languidly or not at all, food production and distribution were severely disrupted, and it was unclear who, if anybody was in charge. As many as 2 million people are thought to have died, but reliable figures are not available.”

Also Mao wanted Taiwan back rather badly. At this point, Taiwan was an independent government controlled by the exiled nationalists after their defeat in the Chinese civil war.
Nixon agreed. This (plus the added bonus of the US getting out of Vietnam) opened the door for relations between the US and China in the future. Throughout the seventies and eighties China gradually increased their interactions with the outside world and their foreign trade. Also in the eighties, China opened their doors to foreign investment and exports. They “…borrowed billions of dollars from the west (and Japan)…”\textsuperscript{30} to repair their much damaged economy. Over the next thirty years they rebuilt their economy, military, and infrastructure with foreign investment and aid (a great deal of which they received from the US). Now they are on their way to becoming one of the most powerful countries in the region economically.

So the question remains, do they still need the US’s aid. Is it for humanitarian or policy reasons that the US is still giving them billions of dollars worth of money, training, infrastructure development, and time in the form of development aid. In spite of their economic power, they still have about a third of their population living in poverty by both the US and world standards.\textsuperscript{31} Given their large population this is perfectly understandable. However, does this mean that they are still in need of development assistance? Or is their economy big enough to deal with poverty on that massive of a scale. For that matter is the aid even getting to the people who need it the most? USAid has an office in China and works out of the US’s embassy there, as does a section of the Peace Corps. Who are they helping and where does the money go? Ostentatiously the money is for Taiwan, but there is no mention of Taiwan on USAid China’s website or the US embassy to China’s website either. Many people are beginning to ask questions about why the US is giving so much money to China. Plus there is all the money the US borrows from them to help control the deficit. So the US is borrowing money so they can return it to China as developmental aid. This does not make sense; it is not like the US can write
development aid off as a charitable deduction on its taxes. There has to be more to this than meets the eye.

IV. China’s Development Aid

China itself gives out massive amounts of developmental aid. Their aid mostly goes to countries in Asia where they have trade agreements or mineral rights. The question is; if they are handing out and loaning the US money do they really need the aid the US is giving them. The majority of the aid that China gives out goes to countries in Latin America to develop and extract the natural resources there and to Africa for infrastructure. They also send a great deal of money to the Middle East for the development and exploration of oil. The aid to the rest of Asia comprises about twenty percent of the total aid that China gives out. This includes both promised aid and delivered aid.

“Most aid pledged for South Asia was for infrastructure and financial aid, a striking difference from other regions, where natural-resource development dominated the programs. This anomaly is due to South Asia’s limited natural-resource deposits.”

South Asia is the second largest recipient of aid from China with Pakistan being the largest recipient over the last decade. They received “$66 billion, or 87 percent of the regional total aid.” All of the other nations in this region all received less than five billion. This is not really surprising considering Pakistan and China have had a close relationship since the fifties. Pakistan was one of the first nations to officially recognize the People’s Republic of China (PRC) after the Chinese civil war. Pakistan is also one of China’s biggest importers of weapons composing about forty-seven percent of China’s arms sales. Of all of the aid Pakistan has actually received, the aid it received from China was only about “6 percent of total aid pledged.” This is staggering when compared with Sri Lanka, which has received about sixty-
five percent of its aid from China—which comes to a grand total of five billion. By contrast, Central Asia only received about two to five percent of the total of China’s development aid and government-sponsored investment activities (or FAGIA) with most of the money going to “several large projects for constructing oil and gas pipelines and exploration of copper mines.” However, in 2010 a proposal was put forward for the Shanghai Cooperation Organization (or SCO) Development Bank to invest a large some of billions of dollars to go towards further energy and natural resource development. As well as the creation and development of new infrastructure projects. The majority of this aid was delivered through SCO as lump sums. Of the three regions of Asia, East Asia receives the most aid. Unlike the aid to Central Asia and other parts of the globe, the aid to this region was not delivered under the prevue of some overarching organization such as the SCO. Even though this area has been promised the most aid, it has actually received the least. This is because, unlike the other regions, the majority of the projects here are for infrastructure rather than natural resource development and infrastructure takes longer to build. However, it is almost impossible to determine just how much aid China gives to East Asia since whatever they give North Korea in the form of aid is not included in these calculations. Out of the region of East Asia, Southeast Asia receives the largest amount of aid.

Even though the largest amount of promised aid is around one hundred and ten billion (aid promised to Southeast Asia) the actual delivered aid for any one region is not more than ten billion. This is a result of the delay between planning and the actually building up of infrastructure and resources. The majority of Chinese aid was either given or pledged for infrastructure and resource development and comes without many of the strings seen in aid given by western countries. This gives them the appearance of being incredibly altruistic. Or are they
simply seeking cheaper ways to fill their growing energy needs while increasing their influence in the region through the use of soft power? Soft power is the idea of, in a sense, wooing others (in this instance, countries) through the use of diplomacy, aid, and just generally being neighborly. This is something that, to all appearances, China is becoming quite an expert at – especially in regards to its neighbors in Asia. There have been some reports of China’s heavy-handedness in Africa, but all of the Asia countries have reported being satisfied with the aid they are receiving. Either that or they do not want to risk antagonizing the most powerful country in the region and the source of most of their country’s economic development.

V. How much Development Aid China Receives From the US

“In 2010, the year that China overtook Japan to become the world's second largest economy, U.S. aid to China reached its highest point over the last 15 years, at nearly $47 million.”38 What kind of aid is it? While the US does send humanitarian aid to China after disasters, when they request it or ask for it, the majority of the aid that is send is developmental. Who does it actually go to? “One element that is often missed in this discussion… is the interesting way that parts of the Chinese bureaucracy sometimes use foreign aid.”39 Comparatively speaking, what Chinese department officials get from the US is quite small in the face of their normal spending. However, since China is such a centralized government it is often difficult for them to get the kind of programs and/or funding to rural undeveloped areas that they would otherwise. Getting this aid from the US enables them to start trial programs that they would normally not run. For fear of political backlash or lack of funding like health education, sanitation, or human rights projects for these areas. If the program ends up failing they have not wasted any of their own money only the US’s. However, if they do happen to flourish and succeed there is always more US funding to be had. Or if they see fit, they can start funding it
themselves. This little arrangement also enables these areas of the country to benefit from help and expertise that they would not otherwise have had. Most of this aid is either sent over with advisors or distributed through USAid who has their own people in place to assist with the implementation of these new programs. It also has the nice added bonus of giving the US officials the ability to say that they are not giving development aid to China – which is technically true because it is not for the usual development projects. It also gives them the additional benefit of being able to claim more effectiveness. “The USAID official, like many of the people interviewed for this article, stressed that the money goes not to the government in Beijing, but to the Chinese people.” They can assert this, because the funds are being used to experiment with and implement programs that will influence and (arguably) benefit the people more than if it were given directly to a central party official, department, or bureau. A large portion of the money the US sends goes for projects on Tibet and for the Tibetan people. The odd thing about this fact is that USAid’s website makes no mention of it at all.

“The United States spends $7.5 million, or roughly 25 percent of the annual Chinese aid budget, to help Tibetans with business development and cultural preservation. Aid to Tibetans "was set up to fill some of the cracks in Tibetan society," said Todd Stein, director of government relations at the International Campaign for Tibet, a D.C.-based advocacy group. The aid programs to assist Tibetans, a beleaguered Chinese minority persecuted by the Chinese state, steer far away from anything the Chinese might deem as sensitive. The Tibet programs are "not politically oriented," said the USAID official, adding that the Chinese government acknowledges the aid and has "allowed [it] to continue." That is because the programs don't involve sensitive areas like democracy and
rule of law, said a policy analyst who works on China and Tibet issues, and who asked to speak anonymously because of the sensitivity of the issue. …”

Interestingly, not all of the aid for China given out by the US goes to USAid.

“Of the remaining not administered by USAID, $3 million goes to fund the Peace Corps, which currently has 146 volunteers in China, although none are allowed to operate in Tibet. The remaining $11 million, administered by the State Department, is spent on programs that advance "human rights, democracy, rule of law," and is mostly given to U.S.-based NGOs and universities that operate programs in China, "although Chinese NGOs, universities, and some government entities have participated in, benefitted from, or collaborated with U.S. programs and grantees," according to the May Congressional Research Service report. This shows that "U.S. promotion of democracy and rule of law [in China] has not totally disappeared as a policy matter," says Dan Blumenthal, director of Asian Studies at the American Enterprise Institute.”

Who does this aid actually come from? “The United States provided $28.3 million in foreign assistance and funding programs to China via USAID and the State Department in 2012, according to a May report from the Congressional Research Service. It projects that number to decrease slightly in 2013, to $25.5 million...” So the question remains, “At what level of Chinese economic and political development will U.S. aid to China disappear as well?”

VI. Counting the Cost

One question that needs to be asked is; can the US afford to give aid to other countries given that they have a national debt of seventeen trillion dollars and are currently running a deficit of six hundred thirty-three billion dollars. They can hardly meet their own obligations and they continue having to borrow money to keep the government funded.
For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, saying, ‘This man began to build and was not able to finish.’ Or what king, going out to encounter another king in war, will not sit down first and deliberate whether he is able with ten thousand to meet him who comes against him with twenty thousand?"  

If one would count the cost before building or going to war why not do the same before handing out aid. As Paul says in Second Corinthians,

“For if the readiness is present, it is acceptable according to what a person has, not according to what he does not have. For this is not for the ease of others and for your affliction, but by way of equality—at this present time your abundance being a supply for their need, so that their abundance also may become a supply for your need, that there may be equality; as it is written, ‘HE WHO gathered MUCH DID NOT HAVE TOO MUCH, AND HE WHO gathered LITTLE HAD NO LACK.’”

There is another passage in First Timothy that says, “But if anyone does not provide for his relatives, and especially for members of his household, he has denied the faith and is worse than an unbeliever.” If these two verses are put together, a person, or government, should provide for their own people first and make sure they are cared for before taking care of others. Therefore should not the US help the poor in their own country and fix their own problems before they go helping/imposing their aid on others. The US has a responsibility to care for its own people first. They have poor and destitute as well as China.
**VII. Biblical Imperative to Help Others**

The alternative argument also comes from the Bible. It lies in the commands of Jesus to help others and to care for orphans & widows. While holding this view it is especially hard to argue against humanitarian aid. However some debate remains regarding development aid. Especially since the money they have is not their own – they are stewards of God’s money. This means being careful about donating and checking the organization thoroughly to make sure that they spend the money wisely. Does this suggest that Christians should give to humanitarian causes only? Since then it has a much higher chance of actually reaching the people on a local level. In this case should the government be participating in/handling out development aid at all?

“It is sometimes said that overseas aid should be a government responsibility, and that therefore one ought not to give to privately run charities. Giving privately, it is said, allows the government and the noncontributing members of society to escape their responsibilities.”

Or should the church step up instead? Is that really likely to ever happen?

“…This argument seems to assume that the more people there are who give to privately organized famine relief funds, the less likely it is that the government will take over full responsibility for such aid. This assumption is unsupported, and does not strike me as at all plausible. The opposite view – that if no one gives voluntarily, a government will assume that its citizens are uninterested in famine relief and would not wish to be forced into giving aid – seems more plausible. In any case, unless there were a definite probability that by refusing to give one would be helping to bring about massive government assistance, people who do refuse to make voluntary contributions are refusing to prevent a certain amount of suffering without being able to point to any
tangible beneficial consequence of their refusal. So the onus of showing how their refusal will bring about government action is on those who refuse to give…”

There are so many NGOs that are active in foreign countries, helping them with development aid. Most of these, though not all, are Christian organizations.

VIII. Conclusion & Policy proposals

The disaster relief that the US distributes is usually provided through NGOs (Non-Governmental Organizations) or the military force of the donor country. These organizations collect money and supplies to send to the disaster areas and then either hand it out themselves or work with other organizations to distribute it. Some organizations have the permission of the host government to be there and have been working locally with the people for a very long time. They use local contacts, cater to local customs, and work through local traditional structures. They are in a position to know what aid is needed the most and how to get it where it will do the most good the fastest. However, governments have to be careful about what NGOs to give to or work with. This is why they often give aid through a non-religious organization like the Red Cross or a governmental agency like their own aid department. They cannot be seen as supporting one religion over another or using the disaster to push a certain religious view onto the recipient country by catering to specific NGOs with say Christian or Muslim views. One thing the US has done is send carriers to Japan, Philippines, Indonesia, and other places with desalinators to help them obtain clean water after a natural disaster. The US also use military transport planes and ships to sent medical aid and food; medics to treat the wounded. While this is beneficial and usually helps to bring some order out of the chaos as well as getting aid there the soonest, NGOs are generally better for the sustained clean up after the fact. They have no other divergent responsibilities and they can devote more time to it over the long run. NGOs are
able to give aid directly to the people. Most of the time much they are more effective at their jobs than direct government aid is. If the purpose is to improve the lives of the people at the disaster site, that is.

The US should take a better look at the status of countries before committing to send any kind of developmental aid. They need to develop better protocols that can be looked at and used to determine whether or not it would be economically viable or wise in an overall policy sense – unless of course it is a humanitarian situation. They should also develop better protocols for dealing with natural disasters and determining the humanitarian conditions. This would be in order to make sure that the US are not creating a dependency situation or depressing/destroying the economy of the recipient country by their sending aid.

“Oxfam is a good example of this. They work with the local people in African countries to help them develop sustainable businesses to support themselves. However because of their model they can only help on the small individual level. This is good and helpful and will facilitate their families and villages out of poverty, but there are many more around them living in similar or worse circumstances that need help also. Oxfam is not capable of helping on such a massive scale.”

Maybe that is a good thing though. Maybe it is time to stop focusing on dumping massive amounts of aid on certain areas and start focusing on how to help the individual communities. This way you can improve their lives and not ruin their economy in the process.

The US needs to set up standards for their aid similar to what the IMF has. If they did this then many of the problems would be solved. There would be specific criteria for countries to meet before we would provide them with aid. This would insure that the proper authorities are ready to receive the aid and their government is stable enough to handle the application of the
aid. The US needs to provide more investment money for infrastructure, job creation, and help with overcrowding in cities. Rather than handing out money in an attempt to convince local lawmakers to create more human rights legislation. They also need to work more on medical aid, hygiene training, clean water and the knowledge to maintain it, etc. all of which can be provided by non-profits for less expense than a governmental department. In other words the US military and NGOs should be responsible for the distribution of humanitarian aid and most types of development aid. The only problem with this is sending aid that will actually be useful by those countries and in making the aid standardized somehow to enable the projects to be maintained. Most countries still have some kind of tribal structure and even if there is some kind of formal large government often it does not have a lot of control over the provinces and outlying regions. This makes it difficult to distribute aid to a country and make it uniform and achieve the US’s policy objectives. In China even though the national government has a great deal of power and is the front man, when it comes to influencing the lives of the people in the local communities the regional governors are the ones who wield the most power.

In light of these facts, when sending development aid it would be wise to get advice from non-profits and others (diplomatic attaches) who work in the countries with the people they would not have to actually necessarily be involved in the actual writing of the policy, but they would be an excellent resource. So many times aid is given that people cannot actually use. There is a history of aid being sent to countries that cannot make use of it. If others who were involved and working in the country were included in the formation of policy then maybe there would be a more useful distribution of aid. Especially since IGOs and government agencies can very easily become caught up in playing the political games of the particular countries that they are working in. USAid has come under criticism from congress for doing this very thing. Other
law makers are criticizing the way the agency has been redacting information on their reports to keep congress from seeing it. They have been accused of giving out bribes under the guise of development aid in order to promote certain policies and then keeping this information from the oversight committees. “In recent years, though, the agency has come under criticism for the way it divvies up that money and the programs it chooses to fund, including for its "incentive" payments. The money is supposed to go toward initiatives involving election laws, human rights, public and commercial finance, state budgets and economic development.” In addition it has just come to light that the WFP has been caught falsifying records and distributing their aid to the government of North Korea instead of to the people. In order to prevent this kind of thing from happening in the future it would be best if NGOs were in charge of the distribution of aid.

They have the most experience and the best track record in getting aid where it is needed most and can do the most good. If a government wanted to give aid to another nation for purely political or policy reasons then give directly to the governments and let them use it however they want. However, if the goal is to improve the lives of the people in the recipient country then do not give aid directly to the governments, but instead work through NGOs and UN organizations. The only thing that would have to occur before they could take over is standards would have to be established for infrastructure projects. Also the local people would have to be trained in the use and maintenance of the various pieces of equipment. The UN’s organizations have a great past record in this area. The UN could establish standard equipment that would have to be installed and develop training programs for the local people to learn how to care for their new equipment. This would help prevent the types of situations that are evident in Africa. When NGOs build wells for a village, different NGOs build different wells for different villages that all use different equipment. When something breaks down there are no interchangeable parts. A
person cannot just walk to the next village and pick up a new part. Plus while the people are trained in how to use it they do not know what to do if it breaks. So, if it does they just go back to haling water from the creek or river as they were doing before and their lives are not improved and in the long run. All of this would be prevented if the UN were to create and enforce certain standards. As for giving aid to China, that really depends on whether we are giving it for policy reasons or not. If we are trying to promote human rights and democracy then our aid does not seem to be having much effect on their government and way of life. If we are trying to improve the lives of the people living there through developmental projects then that does not appear to be having much effect either. Yes China is using our aid to try programs in the rural areas that they would not try otherwise, but they have not been shown to have any effect. This is mainly because of the relative autonomy of those outlying regions. The only way to circumvent these problems is for NGOs to get in there and work directly with the people instead of through the national and regional governments. Until we can do that our aid to China, whatever the justification for giving it, will remain ineffective.

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