COMPARISON OF US FOREIGN AID TOWARD SOMALIA DURING AND AFTER THE COLD WAR

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Abstract: Foreign aid could be a powerful weapon in a foreign policy. It is said that after the end of the Cold War the foreign aid decreased and that caused a lot of problems to developing countries, because they were dependent on it. Could we see this change also in Somalia? This essay deals with the change in US foreign aid policy. It compares two periods of US foreign aid toward Somalia - during the Cold War (specifically 1980 - 1990) and after the Cold War (1991 – 2001). This essay found out, that we can see a change not only in the goals and purposes of US foreign aid, but also in the sectors and amounts of US foreign aid. The decrease of foreign aid was really huge and could contribute to the failure of the state.

Keywords: US, Somalia, foreign aid, Cold war, failed state

1. Introduction
Foreign aid as we know it began as an instrument of the Cold War diplomacy. What began as a temporary diplomatic expedient, however, became a permanent element in relations between states, reflecting a strengthening norm that the governments of rich countries should help poor countries. For decades, the United States has used foreign aid to advance the nation’s security, prosperity and global leadership (Lancaster 2006: 25). Over the time, US used different types of foreign aid according to situation and development in international affairs. The end of the Cold War significantly affected the use of foreign aid. Did these changes influence also the US foreign aid to Somalia? How specifically has the US foreign aid to Somalia changed? Somalia is “the most failed” country in the world. This country collapsed after the end of the Cold War. Some argues (see Clapham 2003; Walle 2004) that one of the reasons for this failure was the enormous decrease of foreign aid that has been helping the state to promote its basic functions. Was the decrease of US foreign aid really so dramatic, that it could start a state failure?

This essay focuses on a comparison of US foreign aid toward Somalia during and after the Cold war. The main goal is to find out how the US foreign aid toward Somalia changed after the end of the Cold War. It is obvious that after the end of the Cold War, US lost interest in many developing countries, because they were no longer important as regional allies against Soviet Russia. Because of that the amount of foreign aid to many developing countries decreased dramatically. This essay will compare the US foreign aid to Somalia in two periods: during the Cold War (1980-1990) and after the Cold War (1991-2001). The author chose 80s as the starting date for the first period, because in those years Soviet Russia begun to donor Ethiopia instead of Somalia and the US replaced Soviet Russia in sponsoring Somalia. So the cooperation between US and Somalia started in the 80s. The second period ends in 2001 because the terrorist attacks took place in US and that changed the US foreign aid policy again.

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The comparison will concentrate on two indicators (which will be compared separately) that will demonstrate the change. Those are:

1) Goals and purposes of US foreign aid
2) Sectors and amount of US foreign aid

The change of sectors will be analysed in three basic categories:

a) Security aid
b) Economic aid
c) Humanitarian, development aid

2. Foreign Aid
2.1. Definition of Foreign Aid
What actually is foreign aid? Foreign aid takes many forms. At its broadest meaning, foreign aid (Riddell 2007: 17), “(...) consists of all resources – physical goods, skills and technical know-how, financial grants, or loans – transferred by donors to recipients.” The standard approach to defining foreign aid has focused predominantly on the purpose for which the aid is given. Because of that, there were different perceptions of what should be considered as a foreign aid over time. According to World Bank (2004) financial flows to developing countries take two main forms – aid that comes from foreign governments, often called official development assistance (ODA), and investment from foreign private companies, known as private capital flows. Official aid is the most important in terms of size and influence. The most common definition of official development assistance is provided by the Organization for Economic Cooperation and Development (OECD 2006: 16): “ODA consists of flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and contains a grant element of at least 25% (calculated at a rate of discount of 10%).” However, in this definition, military aid is excluded. This definition of ODA is accepted in general, e.g. United Nations use it as well. Foreign aid through non-governmental organizations (NGOs) has grown very significantly in the last 25 years and equals about one-third of official assistance now (Tarp 2009: 3-4). Nevertheless, to this day, there remains no internationally agreed definition of the aid provided by non-governmental development and humanitarian agencies.

The United States Agency for International Development (USAID) does not provide any precise definition of foreign aid. However, in its documents, USAID emphasizes the economic growth (USAID 2013a): „USAID is developing partnerships with countries committed to enabling the private sector investment that is the basis of sustained economic growth to open new markets for American goods, promote trade overseas, and create jobs here at home.“ Especially in this definition of USAID work, it is indicated that foreign aid is not always a free resource transfer and often arrives with economic and political conditions. In many cases, official donors require that recipient countries pursue reforms or policies that should promote economic growth or development. One should also take in consideration that aid is often given for very different purposes and it may be given primarily with an eye to the interests of donors rather than the recipients (Tarp 2009: 4). Moreover, we could always discuss whether the foreign aid is spent on long-term development or on short-term political gain. On the other hand, Keith Griffin (1991: 649) argues that: “The fact that the motive for foreign
aid is political rather than economic does not necessarily imply that the consequences of aid are not beneficial to economic development."

This essay is concentrated only on the official aid from the United States. Because the USAID does not provide any definition of foreign aid, this essay will use this term in the way official development aid is defined by the OECD (you can see above) but also military aid will be included.

2. 2. Sectors of Foreign Aid

We can distinguish three pillars of the US foreign aid agenda. It is:

a) Security/military aid – military assistance to allies to help them acquire military equipment and training. Security aid also includes non-proliferation and anti-terrorism programme.
b) Economic aid – usually long-term projects in the areas of economic reform and private sector development to foster sustainable broad-based economic progress.
c) Development and humanitarian aid – long-term or short-term projects in the areas of democracy promotion, environmental protection, population and human health.

According to Riddell (2007: 17) development aid is an aid, which helps to address acute human suffering and which contributes to human welfare, poverty reduction and development.

2. 3. Foreign Aid as a Part of Security Policy

Foreign aid is an important tool in conflict prevention. The donor countries do not have to be directly involved in the conflict, the conflict does not have to take place on the donor’s territory, but in the globalised world we are living in, everything is interconnected. Many governments have realised, that it is better for them to prevent conflict also through foreign aid then face the consequences (like expansion of terrorists groups in weak or failed states). Foreign aid directly connected with security issues is called security assistance or military aid. This form of aid can be used e.g. for a training of units, to modernisation of the army etc. Security aid can protect states troops by making conflict less likely.

The use of foreign aid as a tool to advance national security interests has been a driving force in US foreign policy since the implementation of the Marshall Plan. The third pillar of the US foreign aid agenda – security assistance – is defined exclusively by the fact that its programs are motivated by national security interests (Adelman 2007). According to Tom Niddles (Deputy Secretary of State for Management, in Rogin 2011): „You have hungry people, which destabilize your country. You have a destabilized country, all sorts of bad things happen. State and USAID (2013a) work to prevent that.“

Also USAID see its role in ensuring security as a very important: „USAID plays a critical role in our nation’s effort to stabilize countries and build responsive local governance; we work on the same problems as our military using a different set of tools. We also ease the transition between conflict and long-term development by investing in agriculture, health systems and democratic institutions. And while USAID can work in active conflict, or help countries transition from violence, the most important thing we can do is prevent conflict in the first place. This is smarter, safer and less costly than sending in soldiers.“

But the security assistance does not always work. Following the invasion of Iraq, the increase in US security assistance to the Middle East has neither improved the United States’ public image nor bolstered its national security (Adelman 2007).
3. Global Trends in Foreign Aid
The United States Agency for International Development (USAID) is one of the most important actors regarding US foreign aid. This essay works mainly with data from USAID, because they have the most detailed statistic database considering US foreign aid. The United States are the world's largest bilateral donor (see Figure 1), obligating approximately $49.6 billion - $31.7 billion in economic assistance and $17.9 billion in military assistance in 2011 (USAID 2011). On the second place, there is Japan and on the third place, there is Germany. In 2005, top US foreign aid recipients were Israel, Egypt and Afghanistan. But as you can see in Figure 2, the importance of Africa as a recipient of US foreign aid is growing. In Figure 3, you can see the US foreign aid funding trends from 1977 to 2012. It is obvious that the foreign aid policy is changing according to global events e.g. after the end of the Cold War we can see decrease in the foreign assistance. On the other hand after the terrorist attack 9/11 there is an increase in foreign aid, especially in Iraq, Afghanistan and other Middle East countries.

![Figure 1: Economic aid from major donors. Source: Tarnoff, Nowels (2005: 22).](image)
4. Change of US Foreign Aid to Somalia

4.1. Goals and Purposes

As mentioned above, the goals and purposes of foreign aid changed over time. During the Cold War the primary purpose of US foreign aid was clear and it was generally supported by both parties and the US public. Its purpose, like almost all instrument of US foreign policy, was the containment of Soviet Communist expansion (Korb 2007: 27). It was necessary to promote partnership with countries that were important in the geopolitical competition between US and USSR. It was important to diminishing the threat of communism by helping countries prosper under capitalism.
The development of US – Somalia cooperation is in accordance with the Cold War strategy. After the decolonisation of Somalia in 1960 the US did not want to sever relations with Somalia because of the Soviet threat and strategic importance of Africa’s Horn region. As a result, the US promised financial and military aid to Somalia, but the Soviet-led Eastern bloc offered more military aid and weapons. For some months there was a competition over Somalia between US and USSR, however for the time being USSR won. In 1969 Siad Barre overthrew the civilian regime and his government adopted scientific socialism, nationalized all major private corporations, prohibited political parties, and shut down the parliament. US influence in Somalia apparently ended as Somalia and the Soviet signed a prestigious treaty of friendship. When Siad Barre invaded Ethiopia to liberate the ethnic-Somali Ogaden region in 1977, Soviet Russia changed sides, ended the cooperation with Somalia and supported Ethiopia instead. In a polarized world, a Soviet enemy was automatically the United States’ friend and so the US took its chance. Washington normalized relations with Mogadishu and offered military equipment to Somalia in order to counterbalance Soviet and Cuban support for Ethiopia. Somalia joined the Western camp in 1978. So in the 80s the US-Somali cooperation started and the US foreign aid could stream to one of the poorest country in Africa (Mohamed 2009: 7-9). We can see how important foreign aid was during the Cold War and the US-Somalia relation was driven by bipolar confrontation. During the 90s many things changed. The whole world was trying to absorb the collapse of Soviet Russia and the end of the Cold War had its consequences also on the foreign aid policy. The maintenance of allies in some part of the world was not so important any more. The future was looking very positive, the treating war full of uncertainty ended and maybe it was The end of history (as Fukuyama described in his book). After the Cold War, the focus on foreign aid shifted from global anti-communism to disparate regional issues, such as Middle East peace initiatives, the transition to democracy of eastern Europe and republics of the former Soviet Union, and international illicit drug production and trafficking in the Andes (Tarnoff, Lawson 2012: 2). Nevertheless, new scepticism about the effectiveness of foreign aid emerged based mainly on the persistence of economic crises in much of the developing world and growing fear that aid was generating undesirable dependency relationships. “Too much aid, it was argued was detrimental to development as it encourage recipients to depend continually on aid as a source of finance.” (Riddell 2007: 38). Moreover, acute awareness in donor countries of cases of poor governance, corruption, and ‘crony capitalism’ led to scepticism about the credibility of aid recipients. So in 90s the developed countries have agreed on new approach represented by the Millennium Development Goals (MDG). MDG emphasize poverty reduction and address basic human needs such as access to education, health and water (Tarp 2009).

Also in Somalia the situation changed. After the disintegration of Soviet Union the US no longer had any real need for Somalia. It was now convenient to withdraw the support that had long enabled Barre’s rule and the illegallities that characterized it. When the United States suspended all financial aid to the Barre’s regime, his security apparatus swiftly collapsed and his regime was overthrown. The whole country was swallowed by anarchy (Mohamed 2009: 7-9). US did not want to interfere in this situation anymore but after dreadful pictures of famine in Somalia flew around the world, the US was forced by its citizens to get involved. First the United Nations took up a humanitarian intervention but it quickly became apparent that they could not aid Somalia without embroiling itself in the civil war. Warlords were blocking United Nations’ aid shipments from reaching people in need. President George H. W. Bush’s administration...
introduced a new initiative called “Operation Restore Hope” in late 1992. The main goal of this peacekeeping force was to oversee safe and effective delivery of humanitarian food to the starving people. However, all these operations were not successful. After the death of US soldiers, US definitely left Somalia to its faith (UN 1997). So between the years 1992-1993 we can expect a significant increase in US foreign aid to Somalia, but because of the unsuccessful operation, after the 1993 the US foreign aid ended. Also in this period the development in Somalia was in accordance with the development in the world – it means that the foreign aid decreased because of the change of priorities after the Cold War. We can see this mainly in the first years of the 90s, then after the withdrawal of US troops the non-interference of US had specific reasons (bad experience).

4. 2. Sectors and Amount

As well as the goals of foreign aid, also the amount and distribution into different sectors of foreign aid reflected the development in international affairs. In each period different sectors or categories were emphasized. Especially globalisation, the spread of democracy and prolonged civil conflicts in a number of poor countries played significant role in changing the amount of aid during this decade.

In the 80s, after the oil shocks, foreign assistance sought to stabilize currencies and financial systems. US promoted market-based principles to restructure developing countries' policies and institutions. During this decade, USAID reaffirmed its commitment to broad-based economic growth, emphasizing employment and income opportunities through a revitalization of agriculture and expansion of domestic markets. In this decade, development activities were increasingly channelled through private voluntary organizations, and aid shifted from individual projects to large programs (USAID 2012). Financial programmes and adjustment loans or debt relief became very popular. Focus in achieving macroeconomic balance (externally and internally) became widely perceived as an essential prerequisite for renewed development (Tarp 2009: 5). These Cold War aid was designed to promote economic development and bring about political reforms.

After the criticism in 90s and also because of the development in international affairs, the US foreign aid policy changed. USAID’s top priority became sustainable development, or attempt to help countries to improve their own quality of life. During this decade, USAID tailored development assistance programs to a country's economic condition, which meant that developing countries received an integrated package of assistance, transitional countries received help in times of crisis, countries with limited USAID presence received support through nongovernmental organizations (USAID 2012). Korb (2007: 29-30) support these presumptions with numbers: As the Cold War wound down, so too did support for foreign aid. In the 80s the US security assistance (as a whole) consumed about one half of the foreign aid budget. By 2001 it had dropped to 24 percent. On the other hand, development and humanitarian aid grew substantially in the same time frame increasing from 33% in 1990 to 46 in 2001. Economic aid consumed a consistent 30 % of the budgeted. So in the whole world humanitarian aid growing was on account to the military aid not economic. Between 1990 and the attacks on 9/11 aid averaged about $ 15 billion, that is less then 0,2 percent of GDP.

Can we see these changes also in Somalia? In this part of the work mainly analysis of statistics information will be used. First we will look at the total amount of foreign aid and then to specific dimensions. All expenditures are in “real/constant” dollars for a fiscal year. As shown in Figure 4, it is clear that the US foreign aid in Somalia decreased radically as a whole but also in all sectors in the beginning of 90s. There was not
increase in any sector of US foreign aid. In the 1980 the US foreign aid was all together 210 764 000 $. Then we can see slight decrease, but another peek was in 1985, when the US foreign aid was 214 794 000 $. After 1985 we can see significant decrease, the lowest number was in 1991 - 5 590 000 $. In the second period (after the Cold War) US really limited its aid to Somalia. In 1993 we can see a big flow of US foreign aid (195 784 000$ that is almost like during the Cold War) but this was mainly because of the security aid during US peacekeeping mission. After the failure of this mission US pulled off its foreign aid to minimum. The average aid in 80s for one year was 134 278 774 $, the average aid in 90s was 36 197 487 $. If we compare the average in 80s with the year 1990 the decrease is 93 %. However the decrease was not at once but gradually. If we compare the average in 80s with average in 90s, the decrease of total amount of foreign aid is 73 %.

![US Foreign Aid to Somalia - Total Amount (1980-2010)](image)

*Figure 4: US foreign aid to Somalia (1980-2010) – total amount. Data processing: Alena Hrušková; Source: USAID 2013b.*

USAID divides the foreign aid in different programmes, those are: Global Health and Child Survival, Development Assistance, Migration and Refugee Assistance, Other Food Aid Programs, Economic aid, Military Assistance, Non-proliferation, Anti-Terrorism, Demining and Related, Other Active Grant Programs, Other State Assistance, Other USAID Assistance, Title I, Title II. All of them are included in the total amount of US foreign aid and in Figure 4.

Author of this essay divided these programmes between the three main sectors (security aid, economic aid, development aid) but as you can see some of the programmes like “Other State Assistance” cannot be connected with specific sector. Huge amount of money was given also through Title I and Title II programmes. According to Ho, Hanrahan (in analyse prepared by Congressional Research Service, 2010: 2) Title I include: Trade and Economic Development Assistance, which makes available long-term, low-interest loans or grants to developing countries and private entities for their purchase of U.S. agricultural commodities to support specific projects. Title II include: Emergency and Development Assistance, which provides for the donation of U.S. agricultural commodities to meet emergency and nonemergency food needs. So Title I is part of economic aid and Title II is part of development/humanitarian aid. The other
“unclear” data could make a distortion of the result of this work. Anyway if we analyse the obvious data, we can get these results (see Figure 5). There is obvious decrease in economic and military aid. In the 90s the foreign aid was not very big, but biggest part of the aid, that Somalia receiver, was development aid - after the Cold War foreign aid changed from economic and military to development. That is not in correspondence with the global trend where economic aid was constant. The decrease of military aid and increase of development aid, however, is in correspondence with the global trends. You can see the percentage change in Figure 6.
5. Conclusion
This essay compared US foreign aid to Somalia in two periods – during and after the Cold War. To sum up, we can see a significant change in US foreign aid to Somalia after the end of the Cold War and the development of US foreign aid to Somalia was partially in accordance with the development of foreign aid in the whole world. Analysis of the first indicator (goals and purposes of US foreign aid) proved that there was an obvious change of US foreign aid purposes after the end of the Cold War. We can see a shift in US purposes – from containment of Soviet Communist expansion to human development. Comparison of the first part of second indicator (total amount of US foreign aid) showed up that the US decreased its aid to Somalia to minimum after the end of the Cold War. However, it was not a clear cut of the aid in one year, the numbers were decreasing from 1985 and reached its minimum in 1991. Analysis of second part of second indicator (the change of sectors of foreign aid) was quite complicated because of the unclear data available. Anyway, those data could not do any significant change, so the results are not precise but appropriate. The comparison of sectors showed that there was a change in the percentage of foreign aid distribution in different sectors. The aid in security sector decreased and in some years (in 90s) there was not any aid at all. Also the economic aid decreased. But in comparison with the other two sectors, development aid became more important than in 80s. This percentage change in sectors was not in correspondence with the global trends. In the global trends the military aid decreased, the development increased but the economic remained constant. We cannot say this about Somalia. The huge decrease of foreign aid could cause big problems to Somali government (more precisely to Siad Barre) and is in correspondence with the failure of the state. Of course, the decrease of foreign aid is neither the only, nor probably the main cause of state collapse but could contribute to it.

References


