



PROJECT *on* Middle East Democracy

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The Project on Middle East Democracy and the SAIS International Development Program
“Foreign Assistance in a Time of Crisis: Priorities for a New Administration”
Nitze Building 1740 Massachusetts Ave., NW Washington DC 20036

POMED and the SAIS International Development Program co-hosted a discussion on the direction of U.S. foreign assistance under the new administration during the current economic crisis. Participants included **Navtej Dhillon**, Director of the Middle East Youth Initiative at Brookings and Fellow for Global Economy and Development at the Institution’s Wolfensohn Center for Development; **Daniel Brumberg**, Acting Director of the Muslim World Initiative at USIP and Associate Professor at Georgetown; **Jim Kolbe**, former member of the U.S. House of Representatives and Senior Transatlantic Fellow for the German Marshall Fund, and **Andrew Albertson** (moderator), Executive Director of POMED; with a special introduction by **Francis Fukuyama**, Bernard L. Schwartz Professor of International Political Economy and Director the International Development Program at SAIS.

Navtej Dhillon began the discussion by highlighting problems related to the Middle East’s youth bulge. While opportunities in education for both boys and girls are increasing in the region, this unfortunately does not translate into employment opportunities. High unemployment rates, especially among youth, force a prolonged dependency on families and delay their ability to become productive members of society. Dhillon noted certain transition mechanisms to watch in the coming months: declining oil prices, the flow of exports, foreign direct investment, remittances, and the predicted scale back on foreign aid to the region. He also pointed out that as growth predictions are scaled back, the Middle East is better equipped to handle these problems than it was in the 1980s; however, it is not insulated from wider economic forces. **In reevaluating U.S. aid to the region, it will be crucial to ensure a preservation of the gains made over the last decade.** He noted that historically, U.S. foreign assistance has primarily reacted to crises rather than proactively working to prevent them; he cited figures in aid to Afghanistan and Yemen to demonstrate this point, and argued that an effort be made to change this.

Daniel Brumberg discussed how the poor economic climate can actually serve to bolster authoritarian regimes. In an effort to grapple with the economic crisis, these regimes will tighten their grip on society. He underscored the increasing ability of authoritarian regimes to reform their economies without enacting meaningful change in the political sector. Furthermore, the current economic climate also helps vindicate capitalism’s naysayers, which does not bode well for a progression toward growth and democracy. **Brumberg voiced concern over President Obama’s foreign policy emphasis on development and security without a clear policy on government reform.** Referencing the cases of Pakistan and Afghanistan, he stressed that a push for economic growth will not prove fruitful if not accompanied by calls for government transparency and accountability.

Jim Kolbe focused more on the logistics of foreign assistance, discussing the various mechanisms of U.S. aid and addressing the distribution of available funding. While he does not see a doubling of foreign assistance as a realistic option at the current time, he does view the mere fact of its suggestion to be a positive step forward. As governments will surely be scaling back their foreign assistance programs, he also touched upon the effect this will have on organizations such as the World Bank, the UN, and private foundations; all of which are hardly recession-proof and will be ill-equipped to pick up the slack. It will be critical to ensure that any available funding is used efficiently (i.e. reforming the Foreign Assistance Act and reducing earmarks to allow greater flexibility for the distribution of funds) and that prior successes, such as PEPFAR and the MCC, are allowed to continue on a progressive path. Kolbe also emphasized **a need to focus more attention on the private sector in an effort to boost trade, an essential mechanism for growth.**

Overall, the consensus among discussants was that **uncertainty over the economic crisis translates into uncertainty over development, stability, and governance.** Approaching these issues effectively will require international cooperation, creative thinking, and a widespread reevaluation of current foreign assistance programs.