

## Good Money After Bad?

### *Pakistan is a bubbling cauldron of tension*

By Stephen B. Kaplitt

As Pakistan's army battles the Taliban for control of Swat, there is a growing chorus in Washington for new military and development assistance to shore up Islamabad. The United States has few other tools at its disposal, and an infusion of emergency aid appears likely. Though perhaps necessary to defuse the immediate threat, it is unclear how additional funding will help Pakistan resolve its congenital identity crisis. More broadly, events in Swat are a powerful reminder that internal social and political dynamics drive underdevelopment.

Shortly before the latest convulsion, Pakistan's ambassador to the United States invoked the Marshall Plan as a precedent for \$30 billion in new aid to defeat extremism in his country. Understandably, Ambassador Husain Haqqani did not mention Secretary of State Hillary Rodham Clinton's revelation that \$5 billion in taxpayer funds had already been squandered in Afghanistan.

Adding to the confusion, in his March 27 speech on Afghanistan, President Obama called for increased funding for the inspector general of the U.S. Agency for International Development. While stronger oversight is always desirable, an inspector general mostly reports on problems after the fact. That the president even mentioned USAID's inspector general as part of his Afghanistan strategy shows once again that Washington focuses too much on money and process, and too little on substance.

The United States spends \$22 billion annually on foreign assistance, and aid effectiveness has become a hot topic for hearings and commissions. Mrs. Clinton lamented that much of the Afghanistan money paid for expensive contractors working on projects that were ill-conceived, poorly executed or both.

This is hardly a surprise to anyone familiar with the Foreign Assistance Act, which, like the tax code, is an ancient edifice built on special interests ranging from corn to condoms. How and where FAA money is spent often reflects our domestic politics more than the needs of recipient countries.

Even so, waste and earmarks are less problematic than the tacit refusal to examine basic assumptions about development. As professor William Easterly explained in "The White Man's Burden," aid often impedes progress. Success stories like the Asian Tigers began with internal decisions to pursue growth. That means wealth generation as a national project, not wealth accumulation for the exclusive benefit of kleptocratic elites.

South Korea rose from poverty with considerable U.S. help, but the will to rise came from within. Chinese political will has produced growth despite authoritarianism and rampant corruption. The

fabled Marshall Plan succeeded because World War II had ended and Europeans wanted to rebuild.

These examples illustrate that political will is indispensable; if aid puts fuel in the tank, it is a country's leaders who decide whether to drive forward or in circles. In Afghanistan, President Hamid Karzai has been unwilling or unable to confront the opium trade that funds the Taliban insurgency, and Kabul is now seen by many Afghans as the problem.

USAID already provides assistance for capacity and institution building. The key is finding capable and courageous Afghans to acquire those capacities and lead those institutions. If the White House can fire the chief executive office of General Motors Corp., surely it can weigh in on who runs Afghan ministries. Our goal should be managers who are pro-Afghanistan, not pro-Karzai or pro-Pashtun. When those individuals are identified, we should give them the help they want, not what we think they need. This approach would complement the innovative counterinsurgency thinking of Lt. Gen. Stanley McChrystal, the new U.S. commander in Afghanistan.

We must also acknowledge the limits of foreign assistance. Building schools and clinics is a humanitarian imperative, yet foreign aid is mostly palliative. It rarely transforms host country governments, and at worst enables dysfunctional politics. Aid is most effective when host country leaders are committed to national development. No amount of aid can substitute for that commitment.

Finally, development must be viewed in its local context. Americans believe that people the world over want jobs, security and a future for their children. This is largely true, except when those wants clash with identity values, such as land, tribe, religion, honor and dignity. It should now be obvious to all that the biggest obstacles to Pakistan's development are its unresolved divisions over destiny. Will it be the modern, secular, Muslim country envisioned by its British-educated founder, Mohammed Ali Jinnah? Or will it be the avenger of Kashmir and regional Wal-Mart of Wahhabism? Eventually, Pakistan must choose one path or the other.

Development is a product of political consensus to prioritize economic growth. It cannot be willed from the outside by legislation or aid surges based on faulty comparisons with the Marshall Plan. The strongest arguments for aid are humanitarian and strategic, especially in the current case of Pakistan. But development is ultimately predicated on host country resolve, and our endless debates over how, and how much, we spend on foreign aid will never change that reality.

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