



Sens. Coburn, Webb Question U.S. Aid to China

China has the world's second-largest economy and grew at more than 10 percent last year, yet Congress continues to dole out foreign aid to a country that holds more than one trillion dollars of U.S. government debt. Although long overdue, two U.S. lawmakers are speaking out against this seemingly illogical notion, as they pose the question: Why should the United States continue to shovel out taxpayers' dollars to a communist nation that holds more than one trillion dollars of U.S. debt and competes in the same economic spheres?



"Why in the world would we be borrowing money and then turn[ing] around and giving it back to the countries that we're borrowing it from?" [asked](#) Sen. Tom Coburn (R-Okla., left). "If they have enough of a surplus to loan us money, they have enough of a surplus to take care of their own needs." Sen. Jim Webb (D-Va.) echoed his Republican colleague, telling Fox News, "Hey, in the crisis that we're in right now, should we really be continuing to send American taxpayer dollars over to China for these purposes?"

U.S. foreign aid to the People's Republic of China (PRC) is siphoned off in the form of bilateral and multilateral developmental assistance and aid to individual recipients. Some of the aid exits to the PRC in the form of social and economic development assistance through the United Nations. For instance, the United States [endowed](#) \$47 million in "development aid" to China in 2010 to improve public infrastructure and help provide Internet to rural areas of the country. Large sums of money are also funneled through the U.S. National Institutes of Health (NIH).

The Traditional Values Coalition (TVC), which represents 43,000 churches across the United States, released an in-depth report of NIH funding to China which found that American taxpayers subsidize tuition costs for Chinese students to study retirement in Beijing, reproduction in Shanghai, and prostitution in the Yunnan Province. "We are calling for a moratorium for all behavioral science and foreign aid grants out of NIH until some adult can oversee what is going on and monitor the craziness out of there," said Andrea Lafferty, president of the TVC.

In total, the NIH [parceled](#) more than \$90 million of taxpayers' money overseas to China for health research projects and other various studies. An NIH-funded program spent more than \$17 million alone on a study of AIDS and HIV to publish a single article, entitled "Microbicide Acceptability and Associate Factors Among Female Sex Workers and Male Clients in Kaiyuan County, Yunnan Province, China."

The Congressional Research Service [released](#) a report in May showing that in 2010 the U.S. forked out \$1.4 billion in foreign aid to 16 countries that held over \$10 billion in Treasury securities. According to the report, four of the world's top 10 wealthiest countries received foreign aid from the United States — one being, of course, China. Sen. Coburn, who requested the report, pointed out that "borrowing money from countries who receive our aid is dangerous for both the donor and recipient. ... It creates co-dependency and financial risk at home and abroad."



Written by [Brian Koenig](#) on October 26, 2011

Many economists have also scrutinized the U.S. government's arbitrary foreign aid policies. "I think the Chinese are just laughing whenever they receive a check," asserted Dan Ikenson, an economist at the Cato Institute. "How silly this is of the United States to be subsidizing the faster-growing, second-largest economy in the world."

Proponents argue that foreign aid to China grants the United States a certain degree of authority in the region. "The hope and the operating assumption is that to the extent that we engage them in a variety of ways, that we can stay influential. And we can influence them," suggested Dan Runde, a director at the Center for Strategic and International Studies. Of course, China's unethical and damaging record on trade — for example, intellectual property violations and patent infringements — shows that the United States has had meager influence on China's trade rules.

Generally speaking, Americans feel threatened by China, and many politicians claim to hold a similar notion. So why send aid to a country which manipulates its currency and undercuts U.S. prices at every given opportunity? "Here we are sending money to a nation that we are diametrically opposed to in a time when America is broke," asserted Lafferty. "People are losing their homes and jobs, so why are we giving money to China?"

Texas Congressman and Republican top-tier presidential candidate Ron Paul, who has consistently opposed all foreign aid, [echoed](#) a similar sentiment during the last GOP debate:

On foreign aid, that should be the easiest thing to cut. It's not authorized in the Constitution that we can take money from you and give it to particular countries around the world. To me, foreign aid is taking money from poor people in this country and giving it to rich people in poor countries.

A September 2010 story in *The Economic Times* [summed](#) up the argument succinctly: "China spent tens of billions of dollars on a dazzling 2008 Olympics. It has sent astronauts into space. It recently became the world's second largest economy. Yet it gets more than \$2.5 billion a year in foreign government aid."

As for the United States, it should not be difficult to justify capping the foreign aid stream to a communist nation whose state-run organ, *The People's Daily*, [wrote](#) during Chinese President Hu Jintao's visit to Washington: "China's emergence is increasingly shifting to debate over how the world will treat China, which is the world No. 1 and has overtaken the U.S."



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