

Analysts warn any halt to American aid likely to have dire consequences

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Appointment of a March 8-led cabinet could imperil future U.S. funding

BEIRUT: With a 2011 aid budget of over \$246 million, it is hard to deny that the United States is a major player in the Lebanese economy. Recent media reports, however, have suggested that this funding could be at risk and may be withdrawn if March 8 goes on to head the next government.

While the U.S. Embassy in Beirut has thus far declined to comment on the speculation, Washington has previously used its aid to try and influence the outcome in Lebanese elections. In a May 2009 speech, Vice President Joseph Biden linked assistance provision to "the spoilers of peace," a thinly veiled reference to Hezbollah, which continues to be classified as a terrorist group by the U.S. government.

"Of course the discontinuation of aid is a concern, and it definitely could happen if we get an opposition-led government," said Imad Salamey, an assistant professor of political science at the Lebanese American University.

"It is U.S. policy to not support terrorist groups or governments deemed to be state sponsors of terrorism and terrorist organizations."

Hezbollah allies Syria and Iran are two of only a handful of developing countries that do not receive some kind of U.S. aid.

Of the \$246 million appropriated to Lebanon, \$100 million is directed as military aid, with an additional \$37.3 million also going to counter-terrorism operations. A further \$38 million is to be spent on democracy, human rights and good governance, while \$33.9 million is expected to go to education and social service. An additional \$17.3 million, \$16.8 million and \$12.2 million has been apportioned for economic development, health and environmental assistance, respectively.

"If the money is withdrawn, it will have huge consequences and will be like an earthquake for Lebanon," said Salamey. "It has the power to harm a lot of different economic interests."

The current funding is roughly on par with the level seen in the controversial \$238.3 million, 2010 budget, which had its military provisions temporarily frozen by the U.S. Congress in August amid concerns that the U.S.-funded weapons could make their way into Hezbollah hands.

A similar situation, where the military assistance could be withdrawn or held back in case of an opposition-led government, is quite possible, said Paul Salem, director of the Beirut-based Carnegie Middle East Center.

"If the opposition forms a government, we can expect to see an immediate reaction," Salem told The Daily Star. "In such a scenario, it will become very difficult to maintain political approval."

But, such a scenario is still far from certain. In the event Lebanon continues to function with a caretaker government, foreign powers allied to the Hariri camp will be unwilling to "jeopardize" his position and are likely to continue assistance, he said.

Whether or not developmental aid will be halted in addition to the military assistance is also unclear.

"The [non-military] issue is not the same debate and is not nearly as sensitive," said Salem.

Even if all U.S. aid is discontinued, there have thus far been no hints that the European Union, another major donor with a developmental budget of 150 million euros (\$200 million) over the next three years, would follow suit.

While the United Kingdom does tow the American line on Hezbollah, the EU does not classify it as a terrorist organization and it is unlikely that the 27-member bloc, or its various components, many of which have separate agreements with Lebanon, will unanimously stop funding.

"Any threat to remove all funding would be entirely empty," said Karim Makdisi, assistant professor of political science at American University Beirut. "It would be a very wrong decision for the U.S. and its contingent of

allies to pull all support.

“It would show they are not serious about issues like education and health, which would send a very wrong signal.”

The U.S. money provided to Lebanon is relatively small when compared to foreign assistance budgets given to neighboring Jordan and Egypt, which in 2011 are set to receive \$682.7 million and \$1.3 billion, respectively. Per capita aid this year roughly comes down to \$58.3 per year for every Lebanese citizen, compared to \$114.7 for every Jordanian.

“In the unlikely event that we do get a March 8-dominated government, they would probably reject U.S. support,” said Makdisi.

“What is more likely is that we will see a review of the way aid is allocated and distributed,” he said.

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