



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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Millennium Challenge Accounts the Answer on Foreign Aid

Congressmen Mark Kennedy (R-MN) and Rahm Emmanuel (D-IL) are today offering a bipartisan amendment to the FY 2005 Foreign Operations appropriations bill. It would cut \$425 million from the World Bank and use that money to bolster President Bush's "Millennium Challenge Corporation" (MCC), a bold and inventive new way to direct foreign policy dollars in a pro-free market direction. **Americans for Tax Reform strongly endorses the Kennedy-Emmanuel amendment on Millennium Challenge Accounts.**

The World Bank has been a failure by any conceivable standard. Its own estimates show a 73% default rate in loans to Africa. The bank has four active loans in Iran totaling in the hundreds of billions—money that has kept a corrupt and terrorist-sponsoring regime in power. The World Bank poured a staggering \$25 billion into Indonesia in the midst of the Asian market crisis of the late 1990s—funds that were stolen by the corrupt Suharto regime. World Bank funds are misused, prop up dictators, and saddle the world's poor with debt.

There are better ways to spend our scarce foreign aid resources and help countries in true need. The MCC would end the traditional loan practice, which drives impoverished countries deeper into debt that they can't hope to repay. Instead, the MCC provides competitively administered grants to those countries that embrace good governance. For example, in FY04, the Muslim nation of Mali was awarded MCC aid shortly after being rated one of only two "fully free" Muslim nations in the world ~ as defined by Freedom House.

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