AID AND ITS CRITICS

‘Charity market advertising may keep romanticising it, but foreign aid no longer sits tall on a white horse. It is but one (lightweight) potential contributor to solutions among other (heavyweight) instruments. Yet, it cannot yet be written off as an outdated sideshow in the repertoire of geopolitics’ (Sogge 2002)

‘The less aid you have, the better you do? The aid lobby claims the opposite, and exhorts a doubling, tripling of aid. But if it is aid on the old terms, it will not bring progress. Saying that, the world is richer than ever and implying that development can simply be purchased with more of the same resources is a monumental deception. It ignores the primordial need for countries to foster their own capacity to develop’ (Browne, 2006)

The quotes above capture something of the core arguments of those who are skeptical, openly critical or downright dismissive of aid as it is practiced today. There are many, many critics from the developing world as much as from the West, from within the international aid system as well as from outside it, from NGOs to academic critics as well as those in the private sector, in multinational companies as well as those at community level worldwide. There are technical, economic, political and cultural criticisms of aid; there are those who believe aid can be reformed to do the job it is intended for and those who do not.

TWO IMPORTANT INITIAL POINTS

- Most critics are not against ALL forms of aid. Few argue against humanitarian assistance in times of disaster – almost everyone agrees we have a duty to help those in dire need in times of emergency
- Most criticism has been directed at official or government aid and while there are many critics of NGO aid (see page 31), their criticism tends to be different in both scale and tone
THE FOUR KEY CRITICISMS

1 Aid does not work because it is not effectively planned or targeted; it doesn’t get to those who need it most and is routinely undermined by corruption

One of the clearest statements of this school of thought is offered by Stephen Browne (a former senior UNDP staff member) who offers five key criticisms of aid:

★ Aid does not relate directly to human development needs – the distribution of aid does not follow any logical pattern in terms of being focused on those who need it most (e.g., the least developed countries or those lowest on the Human Development Index)

★ Aid does not relate to income levels within recipient countries – the lowest income countries account for 75% of people living in poverty but receive only 40% of all aid

★ Aid is routinely volatile – official aid is fickle, it rises and falls, it is subject to changing fashions, patterns and political priorities (e.g. in the 1990s, aid switched direction from Africa to Eastern Europe and in times of recession)

★ Aid depends on donor assessments of need and affordability – the donor countries remain in charge of assessing ‘need’ and their ability to ‘afford’ aid, depending on domestic concerns and priorities

★ Aid is frequently focused on non-development objectives – aid is routinely used to bolster the commercial, geopolitical, strategic or security and cultural interests of donors

Browne concludes:

‘Once it is understood that the objectives of donors are not solely – or even mainly – developmental, the measurement of aid effectiveness becomes a largely vain pursuit. Indeed, where aid is allocated mainly for the ‘wrong’ purposes, it may be better to hope for failure.’

Many commentators criticise aid (at least official aid) because of its openness to corruption. Even the OECD itself, and specifically its Development Assistance Committee (DAC)*, acknowledges the seriousness of the problem. The DAC identifies the mechanisms through which aid often encourages (and supports) corruption:

★ policy failures which counteract the benefits of aid

★ failure to understand local circumstances and systems

★ patronage and the power of elites in developing countries

★ reluctance to intervene in local affairs

★ reluctance to admit to failures

★ a lack of accountability and transparency and lack of political will to tackle the issue (DAC 2003)

* There are currently 24 members of the DAC (with the European Commission as one of them). The world’s major ODA donor countries are all members, and the DAC is generally considered the preeminent forum for policy debate concerning aid.
Aid doesn’t achieve its objectives because it is inherently negative

‘One of the most depressing aspects of the whole aid fiasco is that donors, policymakers, governments, academicians, economists and development specialists know, in their heart of heart, that aid doesn’t work, hasn’t worked and won’t work... instead of having a functioning Africa, managed by Africans for Africans, what is left is one where outsiders attempt to map its destiny and call the shots...’
(Zambian commentator Dambisa Moyo, 2009)

One of the most popular critics of aid in recent years has been Zambian Dambisa Moyo who argues that aid has not only failed to work, it has actually made things worse - US$1 trillion has been ‘given’ to Africa over the past 60 years yet poverty has risen from 11% to 66% between 1970 and 1998.

For Moyo, aid is not part of the solution – ‘aid is the problem’ and the solution for her is for Africa to trade its way to development, issue bonds internationally (to raise capital for development), encourage foreign (especially Chinese) investment and encourage remittances ‘home’ from those working abroad. Echoing earlier arguments of Peter Bauer, Moyo argues that no country will ever develop itself via handouts and that aid fosters dependency and an unwillingness on the part of developing world states to make the changes necessary to foster indigenous development.

Another major critic of aid is William Easterley who poses a question very similar to that of Moyo - why the West’s charitable works have in fact accomplished “so much ill and so little good.”

He argues that there are two sets of development ‘do-gooders’ - the ‘planners’ who seek to impose solutions from the top down and the ‘searchers’, who adapt to the ‘real life and culture’ of foreign countries and who promote growth and development from the bottom up. For Easterley, the planners believe in ‘the big push’ to development via significant inputs of foreign aid and economic advice. This group, he argues, are almost always wrong because they ignore the cultural, political and bureaucratic obstacles that impede the delivery of real assistance (as opposed to plans for such assistance) to the world’s poor.

For Easterley, aid does not work because it:
★ fails to get beyond the surface of underdevelopment
★ is too focused on the needs and institutions of government
★ does not impact sufficiently on the needs of the poor
★ represents a self-serving international ‘aid agenda’ with all its structures and supports (2006).
Aid cannot overcome a chronically unjust international economic system

Many critics of aid, especially those from the NGO sector in both the developing world and the West, highlight the realities of the international economic and financial system, which systematically operates to the disadvantage of the poor and in favour of the rich and that no amount of aid, however well planned and delivered, could hope to overcome. For them, the debate on aid is often a distraction while the main focus should be on radical reform of the international political and economic system.

Critics such as Stephen Browne note that the operations of the two most powerful international organisations – the World Bank and the International Monetary Fund (IMF) are essentially controlled by the West with little regard to the needs and capacities (and divergent circumstances and contexts) of developing countries especially as regards borrowing and debt repayment conditions. According to these critics, this ‘one size fits all’ model of financial regulation routinely disadvantages the developing world and enriches the West. Browne refers to the chronic indebtedness of developing countries and to the fact that debt relief has now simply become a process for reducing future repayments rather than real debt relief leaving the ‘burden of failure’ on the recipients of ‘aid’. The international trade system also systematically works against poorer countries as agricultural subsidies, tariffs on developing country exports and market restrictions effectively block developing country strategies to trade their way to development.

Johnathan Glennie has written an engaging book – The trouble with aid: why less could mean more for Africa – that summarises much of the debate around this critique of aid. Glennie argues:

‘Even if you cannot agree that aid is doing harm, the evidence suggests that there are more important things we should be focusing on. Regarding aid itself, we should focus exclusively on improving its impacts, rather than on calling for more.’

He then asserts that rich countries cannot claim to be pro-development while:

- they simultaneously avoid dealing with the illegal transfer of funds from Africa to tax havens in the West
- they force developing countries to sign intellectual property rights agreements that are clearly not in their interest
- they fail to act effectively on climate change, on debt, on the arms trade, on the ‘brain drain’
- they continue to prop up corrupt and dictatorial regimes worldwide

In these circumstances focusing on aid is more than a distraction – it amounts to a deliberate avoidance of an agenda of ‘manifest injustices’. 
Aid doesn’t work because it was never designed to do so

‘Aid is not bad... because it is sometimes misused, corrupt, or crass; rather, it is inherently bad, bad to the bone and utterly beyond reform’ (British analyst Graham Hancock, 1989)

Many critics view aid as part and parcel of the agenda of the West in the Third World as initially argued by political activist Teresa Hayter in her popular book Aid as Imperialism and as restated in a recent debate in the New Internationalist magazine. Hayter argues that the notion that official foreign aid is in reality intended to alleviate poverty in the Third World dies hard:

‘The actual function of aid from western governments and their agencies, the World Bank and the IMF, is to subsidise the operations of the private corporations and banks of the West. This is not conspiracy theory. It is a conclusion painfully and slowly, reached after many years of research’.

Some aid projects may in themselves be useful. Others may be problematic... above all, the policies which governments have to adopt to get the (aid) money are deeply damaging to the interests of the poor. I believe, therefore, that official government aid, on balance, does more harm than good to the poor of the Third World.’ (2009).

For critics such as Hayter, the role of aid as a strategy of imperialism began effectively with the Marshall Plan following the Second World War - a plan designed to consolidate US power internationally. The plan included using aid as a mechanism to ‘lock’ different countries into the American sphere of influence at the time of the Cold War with the Soviet Union. US aid, more than most, has maintained this objective throughout the past five decades, despite the ending of the Cold War.

Despite his divergent conclusions, Stephen Browne echoes much of Hayter’s argument when he identifies the six key drivers of US aid today - military power, commercial interest, oil security, freedom and democracy, political influence and unilateralism.

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A similar critique of aid ‘as an obstacle’ to development is offered by Lappe, Collins and Kinley of the Institute for Food and Development Policy in San Francisco who argue that aid is fundamentally flawed because it assumes:

‘that aid can reach the powerless even though channelled through the powerful’.

For these three authors, government aid is an inappropriate mechanism for human development as it is based upon a series of erroneous assumptions – that the poor are poor because they have been ‘left out’ of development; because they lack key resources which are not available locally; because they lack incentives to increase productivity, etc. They challenge these assumptions and argue that expanding aid is an inappropriate strategy because it is:

‘… simply another version of the fallacious theory that one can reach the poor by expanding a process controlled by the rich.’

SEE:

Browne, S. Aid and Influence: Do Donors Help or Hinder? (Earthscan, 2006)

Easterly, W. The White Man’s Burden (Oxford University Press, 2007)


Hayter, T. Aid as Imperialism (Penguin, 1971)

Moyo, D. Dead Aid: Why Aid is Not Working and How There Is Another Way for Africa (AllenLane, 2009)