

Foreign Aid Reconsidered, Roger C Riddell, James Currey in association with ODI, London, 1987 (310pp, £9.95 pbk).

Perhaps the main characteristic of the book is detail, masive detail, not only about debates on official aid but about development in general. It has an excellent summary of the development literature and could be recommended for this reason alone.

But what does the author set out to do? Part I of the book focuses on whether there is a moral case for official aid to Third World countries. The author's task became that of presenting, discussing and evaluating the arguments of those critics who challenge the view that there is a moral obligation for donor governments to provide aid, those who say such aid does not help either in its present form or even at all, and those that say moral arguments are irrelevant to government action (p 75). At the end of lengthy and sometimes circuitous arguments the author comes down to the view that "the case for aid and the case against the critics can be sustained *without aid's mistakes and uncertainties being concealed*" (my emphasis). We will come back to this later.

Part II, which deals with the theoretical debates in foreign aid, is excellent in providing a survey of the development literature from the 1950s to the present. Both 'leftist' criticisms and those from the right are analysed and refuted. With reference to both the pessimistic dependency theorists and to the optimistic Warrenites, the author concludes that "neither theoretical perspective has satisfied scholars as providing an adequate explanation of the manner of dynamic Third World development" (p 137). On the role and nature of the state the author attacks both the 'negative determinism' of the dependency school and the naïve optimistic determinism that 'all will turn out all right in the end'. Instead, the author tells us, "the theoretical literature on the role of the state suggests that there is no general and predictable pattern of state activity that can lead to firm and uncontestable conclusions". What is required, he says, "is a case-by-case analysis to determine within particular circumstances how far the state in particular countries is autonomous, how far it wishes to support aid programmes targeted to poverty alleviation, how far the economic structure inhibits redistributive growth, and how far that structure can change and in what directions" (pp 143-144). The writer also has some tough words for rightist critics and 'market' theologians whose fundamental thesis is that promoting economic development requires not aid but policies that promote the extension and penetration of market forces and a greater role for the private sector. He writes, "there is . . . no theoretical justification for arguing, as the rightist critics do, that a switch to greater market discipline, a more significant role for the private sector, and a deregulated price system will necessarily be more advantageous for Third World development" (p 169).

In Part III, the writer assesses the evidence on the performance of aid in practice. The basic question he examines is: does an assessment of what aid has done, or not done, support or challenge the views of the critics? The author, while admitting that there is plenty of evidence to indicate aid's inadequacies, especially in the alleviation of poverty, nevertheless argues that a strong case can be made for aid. Part of aid's failure, he suggests, lies in the very nature of underdevelopment itself. Chapter 15 is devoted to discussing aid evaluations that use quantitative and qualitative micro-data to make conclusions about the impact of aid. But the author refuses to accept that evidence which shows that aid does not work necessarily means that aid has failed. He says (p 204), it is only if aid can be shown not to have worked, and not to be capable of working in the future, and that an alternative strategy would work, that the perspective of the critics of aid will have been vindicated. Readers are also reminded that there are many different kinds or forms of aid ranging from technical assistance to food aid. If one form fails another may succeed. Moreover, poorer countries tend to be characterised by greater uncertainties, weaker institutions, fewer socio-economic linkages and greater vulnerability to external influences. Under these conditions aid is likely to achieve less. According to the author, "the point is not to condone waste and to justify misuse of funds, rather it is to highlight the risky and uncertain environment in which any policy intervention, including aid, is carried out" (p 205). So much for the strong points of the book. What about the weak points?

While the author points out some of the limitations of the discussions about aid performance, in particular that it "takes place in a sanitised world of the donor and perfect recipient where wider political, foreign policy, strategic, commercial, and economic influences are not considered" (p 206), he himself gives only cursory attention to such influences. A small section — pp 206-212 — is devoted to discussing the impact of these wider influences on aid effectiveness — for example, giving aid to friendly or, more commonly, 'client' states, or those that adopt recommended policy reforms; using aid to promote donor economic interests through, for example, tied-aid, with the attendant distortions and costs to recipient countries; other non-aid specific policies of donor countries.

While the less than altruistic motives of donors are mentioned, they are not really subjected to detailed analysis and critique. For example, in discussing the lack of donor coordination as a factor contributing to aid effectiveness the author says "there is no doubt that one major inhibiting factor here is the manner in which donor self-interest (political, strategic, commercial) influences the direction and destination of aid resources, the quantity of funds allocated to different recipients over time, and the form in which aid is provided. Especially where these interests are dominant they can and do considerably lessen the developmental impact of official aid,

either directly through the 'misuse' of aid funds or indirectly through the pursuit of mutually conflicting policies, for instance in the case of trade protectionism. In recent years, the United States, Japan, West Germany and Britain have all increased the impact of their (different) goals of self-interest to the detriment of aid's developmental impact' (p 206). This is the first time that the author alluded to one of the thorniest issues in the North-South relationship — trade protectionism. This important theme — the call by developing countries for more open trade not tied aid — is not at all developed in the book. The problems of the commercialisation of aid, the dumping of excess food surpluses, and the immense pressures on Third World countries to open up their economies while donor countries do not do so, are mentioned only in passing.

In discussing ways of improving the effectiveness of aid the writer pinpoints two important areas: the nature of recipient government policies — that recipient governments should spell out more clearly the gap-filling role of foreign aid; and, secondly, donor coordination in identifying and quantifying those constraints that impede aid effectiveness. The second area is rather controversial. What should be the role of donors in shaping the broad policy environment in aid-recipient countries? Where should the line be drawn between 'helping' and actually interfering in the domestic policy-making process of recipient countries? The author appears to see no real danger of donor interference when he says "donors could well have a crucial role in devising, drawing up and helping to implement such a policy framework" (p 275). Many Third World countries have serious misgivings about the involvement of donors in the determination of their domestic policies and priorities, which have in some cases gone beyond what could be justified by the need to protect current loans and guarantee their responsible use. This preoccupation with 'control' by most donors is reflected by the fact that most bilateral aid is still in the form of project lending whereas the needs of Third World countries are for programme aid — flexibly usable funds which are not tied to specific investment projects.

One other area of concern to many recipient countries, and which is not discussed by the author, is the often slow rate of disbursements of assistance already pledged (this was a major problem with Zimbabwe's Zimcord funds). This is usually due to the insistence by donors that the recipients create and maintain an acceptable pipeline of projects and supply performance reports of almost impossible standards. Many Third World countries do not have the capacity or expertise to meet such conditions.

In a leading chapter (16) the writer considers what he terms the 'bedrock' question about foreign aid: is it, or is it capable of, reaching and assisting the poor in aid-recipient countries? But who are the poor or poorest is never clearly spelt out. The author clearly avoids mentioning class as a category of analysis, so that the discussion remains vague and generalised.

The point, in my view, is not to ask whether aid should be given or not or whether there is a moral obligation to give aid or not. The fact is that some resource flows are taking place, for all sorts of reasons. The role of progressive social scientists should be to analyse and expose the 'aid business'. We need on-going research on the effects and consequences of aid. Discussion about the reform of aid must obviously go on. Many developing countries could do with more concessionary aid — not tied to particular projects, to orders from particular countries, or to any economic policy. The most important issue is: what are the conditions which are necessary for the effective utilisation of genuine aid? One such is that we need a redistribution of productive wealth to give more wealth, and hence economic power, to the poor and underprivileged classes so that they can participate more effectively in decision-making about development.

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