

Aid to Developing Countries

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The Brute Facts of Disparity

The division between East and West on which most of us have been brought up, is gradually losing its significance and relevance in the face of a very much sharper division of mankind—between rich and poor countries. Among the rich are all the ‘white’ countries and Japan. They make up one quarter of the world population and share between them 90 per cent of the world’s income. This leaves 10 per cent for the other three-quarters. On average, an American earns in one week a little under what an Indian earns in one year. An Englishman earns the same amount in about two and a half weeks. This imbalance is far greater today than it has ever been before. Prior to the Industrial Revolution, the ratio of wealth between the richer and the poorer countries was of the order of five to one. Now it is twenty-five to one.

One could argue that in a world of plenty, in which all were able to satisfy their basic needs and aspirations, such a gross disparity was intolerable. But the point is that the majority of those living in the poor countries are not in a position to satisfy the most fundamental of their needs and aspirations in terms of food, shelter, clothing and employment; whereas we, in the rich countries, having quite lost sight of the distinction between what is fundamentally necessary and what is superfluous, are increasingly brain-washed into thinking that the most unnecessary novelties are vital to our well-being. The situation has rightly been described as obscene.

But the disparity is getting worse, not better. The rich countries are increasing their wealth, whilst the poor countries are increasing their population. The increase alone in the wealth of the United States last year was equal to the total income of the continent of Africa, excluding South Africa. The increase in the wealth of the average inhabitant of Britain last year came to £27, which is more than half the average income in India.

At the same time, the population of the poor countries is increasing at an alarming and unprecedented rate—not because they are having more children, but because improvements in hygiene and partial eradication of certain types of disease have quickly lowered, and are continuing to lower, the death rate. Most poor countries can foresee their present population doubling by the end of the century, that is to say within the next thirty years.¹ In Britain it is likely to

¹c.f., for example, the three articles on this precise topic by Fr Arthur McCormack in *The Tablet* of 22nd and 29th November and 6th December.

take a hundred years. Almost half the population of the poor countries is under fifteen, yet the present adult unemployment rate is already 20 per cent. In the coming years, the problems facing the poor countries can only become more complex, more difficult to solve. Their capital cities are receiving an influx of people from the countryside far greater than they can find jobs for. In Caracas, the capital of Venezuela, which is one of the richest South American countries, the availability of employment can only cover one-third of the new inflow. In Mauritius, 60,000 new jobs need to be created by 1972. The present rate of increase is only 3,000 a year.

The Consequent Need for Massive Help by the Privileged Minority

There is a desperately urgent need for help, massive help, to tackle the problems of rural development in order to stem the migration towards the cities already bloated with shanty-town populations, living a marginal existence in atrocious conditions. There is a desperately urgent need for help, massive help, to tackle the problem of the population explosion; to teach people, ordinary simple people, that planned parenthood is both necessary and possible.

The needs are varied and immense. They are urgent. They require an immediate, co-ordinated and generous response from the rich countries. What has that response been so far? Leaving aside the fields of trade and foreign investment, which are dealt with elsewhere, let us examine the nature of our aid programme. The first point to note is its scale. Since 1961 Britain's wealth has increased by about 60 per cent, yet the net aid programme has actually declined over this period from £151 to £150 million; as a percentage of our wealth it has gone down from 0.5 per cent in 1961 to 0.42 per cent in 1968. In 1961 about 1½d. in every pound of Britain's wealth went towards aid; now this vast proportion of our wealth has been reduced to about 1d. in the pound!¹

In protesting against the decline in our aid programme, however, we must not fall into the trap of thinking of aid only in quantitative terms. This has happened all too often in the House of Commons, for example, where hours of our Members' time have been taken up in childish inter-party slogging matches as to which party has the better aid record; this is hardly the sort of debate likely to highlight the urgency of poor countries' situation, or to promote consideration of a constructive strategy.

Towards a Development Strategy

This is why it is very important to look at the quality of the aid programme, and not just at its quantity. After all, £10 well used can be of more help than £100 mis-spent.

If it is reasonable to think that an aid programme, by definition, has a

¹cf. *Overseas Aid*, Campaign Booklet by Christian Aid, 4; London, 1969, Is. at p. 9, where the author adds a note to take account of the effect of devaluation in 1968.

single, clearly-defined objective, namely, the promotion of development overseas, and that any other objectives are strictly irrelevant, it is also reasonable to think that, if overseas development is a policy objective, other departments, not specifically dealing with aid, should collaborate in that policy where they have an indirect impact on overseas development. In other words, there is no point in having an aid programme designed to promote overseas development if at the same time there exists a trade policy, or a defence policy, or a foreign policy, which tend to demote overseas development. There is no point in providing aid to India to help her to develop if at the same time we stop her from selling those very goods which her development has enabled her to produce. Yet this is exactly what has happened with the recent decision to impose a 15 per cent tariff on textile imports into this country. This sort of decision makes nonsense of our purported overseas development policy. So does the increasing bias towards export promotion within our aid programme. A Memorandum presented by the Ministry of Overseas Development to the Select Committee on Overseas Aid in 1969 states that 'while aid must of course be used for projects and services which are to the benefit of the recipients, it is also right to seek to promote British exports'. This is plausible, but only so long as the British exports promoted are those most susceptible to help with the long-term development of the poor countries—and in a great many cases, this is very debatable. So that to include the promotion of British exports within the terms of reference of the aid programme can only lead to a gross distortion of its objectives in favour of our own short-term, commercial benefit. This was confirmed in the evidence given before the Select Committee on Estimates in July 1968, when an Under-Secretary of the Board of Trade explicitly stated that 'I think it would be wrong to suggest that aid has been given without regard to British commercial interests. What I think is probably a fairer way of putting it is that at the present time, and as things have moved since the Overseas Development Ministry was set up, there is even more commercial emphasis in the way we look at aid questions.'

Thus instead of starting from a clear analysis of where aid can be of maximum benefit to the recipient country, aid allocation is based, to an alarming extent, on an analysis of our own short-term interests, particularly in the commercial field. It is impossible, in these conditions, to implement any sort of *development strategy*, which like any other strategy depends for its success on a long-term and co-ordinated approach. Our aid programme can only be haphazard and piecemeal since it is based on a yearly budget. It is bound to be inefficient since, for the most part, it is based on a purely bilateral approach, without reference to what other countries are doing. It is bound to be costly to the recipient, since over half of it involves the obligation by the recipient country to buy goods from Britain and nowhere else, thus placing British business in a monopoly position.

The Pearson Report on World Partnership: Principles and Possibilities

The World Bank has just produced a report which endeavours to provide a *strategy for development*.¹ Based on an assessment of the failures and successes of aid over the past decade, it sets out to provide guidelines for development in the coming years. The Prime Minister greeted its publication by saying that he hoped it would become 'one of the most important documents of the twentieth-century'. Although it fails adequately to stress the urgency of the situation both in its analysis of the state of the poor countries and in its recommendations to the rich countries, the Report points to a number of areas in which aid programmes could become more effective. The most important of these is the plea for a more *co-ordinated approach* and an increase in the *proportion of aid* channelled through *international organizations*.

It is difficult to quibble with such a plea in principle. There is no *a priori* reason why multilateral aid—aid from an international agency—should be less efficient than bilateral (government to government) aid; indeed, at the height of its operations, the United Nations Relief and Rehabilitation Administration (U.N.R.R.A.) was moving supplies on a scale and at a rate unsurpassed by any organization in World War II. However, although the *principle* of multilateral aid must be upheld, the *actual practice* of this type of aid at present leaves much to be desired. *There are at present two separate major systems for the dispensation of multilateral aid*—the United Nations and its specialized agencies on the one hand (the United Nations Development Programme, the Food and Agricultural Organization, the World Health Organization, U.N.I.C.F.F., U.N.E.S.C.O., etc.) and the world Bank Group on the other. Theoretically, their roles are supplementary—the United Nations system has specialized in the area of 'pre-investment'—the analysis of the development needs of the poor countries and how best to meet them—and technical assistance. The World Bank Group, on the other hand, and as one would expect, has principally been responsible for providing the funds for development projects.

This reflects a sensible, and clear, division of responsibility, which could form the basis for a co-ordinated strategy for development. Unfortunately, the multilateral aid system is far from being clear and co-ordinated in practice. First of all, the United Nations Development System itself is not co-ordinated. The different agencies of which it is composed have grown quite independently of one another, each with their own policies, staffs, budgets and supporters. This has led to considerable confusion, delays and waste in the field—20 per cent in value of the U.N. system's current projects are estimated to be of doubtful developmental value. Furthermore the system as a whole is becoming increasingly unwieldy. To quote from another Report of major importance, commissioned by the

¹*Partners in Development*, Pall Mall Press, 5 Cromwell Place, S.W.7 (18s.).

United Nations Development Programme last year, and written by Sir Robert Jackson (husband of Barbara Ward): 'At the headquarters level, there is no real "Headpiece"—no central co-ordinating organization—which could exercise effective control. Below headquarters, the administrative tentacles thrust downwards into an extraordinary complex of regional and sub-regional offices, and finally extend into field offices in over ninety developing countries. This "Machine" now has a marked identity of its own and its power is so great that the question must be asked "Who controls this 'Machine'?"'. So far, the evidence suggests that governments do not, and also that the machine is incapable of intelligently controlling itself. This is not because it lacks intelligent and capable officials, but because it is so organized that managerial direction is impossible. In other words, the machine as a whole has become unmanageable in the strictest use of the word. As a result, it is becoming slower and more unwieldy, like some prehistoric monster' (p. iii).¹

The World Bank Group, on the other hand, is extremely efficient, and steadily expanding. Its lending has become more sophisticated and more suited to a variety of different needs through the creation, alongside the actual World Bank, of the International Financial Corporation (I.F.C.)—designed to encourage private investment—and the International Development Association (I.D.A.) which provides long-term loans for development at a nominal rate of interest. The success and steady increase in the activities of these agencies—particularly the latter—together with the relative stagnation and disorganization of the U.N. system have meant that the World Bank Group has widened the scope of its activities, and is doing an increasing amount of pre-investment work, which is theoretically within the U.N.'s sphere of responsibility.

In the circumstances, the simplest solution might seem to be to back the World Bank Group and allow the U.N. Development System to phase itself out. There are, however, major objections to this; the first is that, over the years, the United Nations Development System has acquired considerable expertise in its two areas of specialization—technical assistance and pre-investment—and the world cannot afford to lose such a potential. The second and most important point is that the United Nations, both in its membership and in the running of its different agencies, seems to be generally more acceptable to the poor countries in the diversity of their political and economic structures than the World Bank Group, whose weighted voting system and capitalist structure are not acceptable to all.

Nor is it a straight case of either the World Bank or the United Nations system; there is, as we said above, a clear role for each, and the World Bank Group itself would be the first to regret the phasing

¹*A Study of the Capacity of the United Nations Development System*, U.N. Publication DP/5.

out of such a potentially useful instrument as the U.N. development system.

What is urgently needed, therefore, is for this system to be strengthened and rationalized. In order to work effectively, any organization must have a centre, or a 'head' responsible for policy and allocation of tasks. This is what the U.N. development system lacks. Yet one of its agencies, the U.N. Development Programme, is meant to be responsible for co-ordination, and sub-contracting to the other agencies. This agency must, therefore, become the 'head-piece' which the U.N. development system lacks, with the authority to elaborate a strategy and the means to implement it; the other agencies would obviously collaborate in this, but their individual policies would be integrated into the U.N.D.P.'s overall strategy.

In such a strategy, each country needs to be considered separately; the U.N.D.P.'s role would be to assess how best, with the resources at its disposal, together with those of the World Bank and from bilateral sources, it can assist and 'fill in the gap' of that country's national development plan. In other words, the U.N.D.P.'s strategy would be drawn up not only in collaboration with all the other sources of external aid, but also in relation to, and over a time-span similar to, the national plan of the recipient country. At present, in the majority of cases, the national plan (where it exists), the bilateral aid and the multilateral aid, all tend to operate independently of one another, generally on a yearly basis. Since there are sometimes as many as ten different bilateral donors—each with their own procedures—and an equal number of multilateral donors, the strain on scarce administrative resources and relative wastage of such a system can readily be imagined. It also tends to favour a policy of 'salesmanship' amongst the donors, setting up different departments in the recipient country against one another, and often encouraging concentration of 'aid' on projects of doubtful development value.

If we wish to see the world in which we live today progressing harmoniously, we can no longer be satisfied with the present piecemeal and totally inadequate response to its increasingly urgent and startling problems. If the U.N. development system can be transformed into a strong and efficient body, on the lines outlined above as recommended by Sir Robert Jackson, aid need soon no longer be left for the most part in the hands of governments, which, by their very nature, are concerned primarily with short-term national results and profits. Contributions to the U.N.D.P. could be made over a period of several years, by international contract and as a percentage of the country's wealth, so that they were no longer subject to the whims and fancies of successive governments. An effective strategy for development could then be put into practice. The world urgently needs it.