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International Aid and Development

Chapter Summary

The focus of the final chapter on soft power is on international **aid** and **development**, distinguishing between these different concepts, before examining rival approaches to the latter. A history of such programs is discussed in the context of the three waves of development. The rationale behind aid and development is addressed, posing why the developed world of the Global North might/should send wealth and resources to help the developing world of the Global South. Both moral and self-interested reasons are considered.

The biggest distinction between aid and development is that the former is more short-term and focused on solving sudden acute crises while the latter is slower and longer-lasting, trying to help a country grow as a whole, both economically and socially. At the same time, there are different methods for measuring development: quantitative approaches (**standard of living**) centred around **per capita GDP** versus more qualitative approaches (**quality of life**) highlighted by the **Human Development Index (HDI)**. Both have their benefits and downsides, though when it comes to the least developed countries in the world, the lists according to both measures are quite similar. Thirdly, when it comes to sources of development assistance, there is a division between **private** (non-government-based) and **public** (government-based) sources. In terms of countries that do provide some form of aid and development assistance (**donor countries**), these are a distinct minority in the world (only about 30 or 40 out of over 200 or around 18 per cent of the world's countries). The rest all receive assistance of some sort (**recipient countries**).

Official development assistance (ODA) (overall aid and development provided by governments and international organizations) has undergone significant transformation over three different waves since it first began at the end of World War II. In the first wave, the approach centred on **top-down**, state-centric megaprojects, where most aid and development consisted of cash-and-goods transfers between governments. High-profile successes during this era included the reconstruction of Germany and Japan, as well as the Green Revolution, but problems also arose, such as Cold War politics, the issue of **tied aid**, **corruption**, and the creation of **dependency** in recipient countries. As a result, the second wave emerged, focused on **structural adjustment programs (SAP)**. This new paradigm argued that the structures of society needed to be altered for sustainable, broad-based development to take place. Governments and international organizations developed a “universal recipe” for further development that could apply to every country, regardless of local conditions. There were some immediate benefits, like a reduction in **corruption**, but challenges arose in that it was enormously unpopular in recipient countries and increased debt levels for developing countries.

The foundation of ODA today (the third wave) revolves around **bottom-up pluralism**; an approach based on rejecting government's central role in the development process and incorporating other societal actors (like businesses, NGOs, and civil society groups). "It's all about people, not projects." The case study of **micro-finance** is then presented as an application of this re-orientation in development focus. Finally, the UN's **Millennium Development Goals** are discussed and the achievements of the third wave of development are evaluated.

Key Concepts

Aid: short-term relief, largely humanitarian in nature and taking the form of donations and gifts (whether cash or in-kind, like goods). Typically designed to help alleviate some sharp, sudden crisis within a society. (p. 374)

Bilateral aid: the aid and development funds received by one country. (p. 381)

Bottom-up pluralism: an approach to development that rejects exclusive government-to-government dealings and incorporates other key players into projects. At the same time, governments are also no longer the leaders when it comes to development, as a variety of societal actors (e.g., businesses, civil society, NGOs, media) play guiding roles. The catchphrase of this approach is "it's all about people, not projects." (p. 392-393)

Capabilities approach: a new wave of development thought that focuses on building up a set of capabilities (or traits or skills) within people, who thereby become empowered to become productive members of society; this promotes economic growth and enhances the quality of life in their countries. (p. 394)

Corruption: when government officials use their decision-making power to promote their narrow self-interests (usually financial), especially when this results in harm to the interests of the public. A serious crime in nearly every country (a form of abuse of power), yet a sad reality in many societies and involving a number of industries. For example, corruption has held back the success of aid and development programs, especially during the first wave of ODA. (p. 387)

Dependency: developing countries could become dependent on charity, as opposed to becoming independent self-starters. (p. 388)

Development: refers to a slower and longer-term effort intended not merely to help a country through a crisis but truly to grow a country into a richer, smarter, healthier, more stable and sophisticated society, one with fewer problems and more successful and sustained social growth. (p. 374)

Development economics: a sub-field of economics that focuses on aid and development. (p. 394)

Distribution of income: how overall wealth is shared within a society. (p. 375)

Donor countries: countries that give aid and development assistance; only about 30 or 40 in the whole world. (p. 382)

Foreign direct investment (FDI): most relevant form of for-profit, corporate development assistance, these are made by multinational corporations (MNCs). (p. 379)

Gross domestic product per person (per capita GDP): a purely quantitative index of how much money (or income or value) a society produces in a year, divided by that country's total population. The result is something like a measurement of how wealthy that society is on a per-person basis. (p. 375)

Human Development Index (HDI): designed by the UNDP, this measurement tries to move beyond aggregate income to include other measures of quality of life in a given society. (p. 376)

Illiteracy: the inability to read. (p. 396)

IMF conditionality: an attempt to rebrand structural adjustment programs once it became clear they were deeply unpopular. The attempt was unsuccessful. (p. 391)

Innumeracy: the inability to do basic math. (p. 396)

Knowledge transfer: transfer of know-how, usually from developed to developing countries, to help in the latter's development. One example of this is the Green Revolution. (p. 386)

Micro-finance: loans and grants for development purposes, but in tiny amounts, across thousands of people, to develop small-scale businesses. (p. 394)

Military transfers: used as a form of ODA to cement Cold War alliances. Posed significant problems for many recipient countries. (p. 386)

Millennium Development Goals (MDGs): eight goals set by the UN in 2000 for achievement by 2015, which are both aspirational and realizable. The goals are to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria, and other diseases; ensure environmental sustainability; and develop a global partnership for development. (p. 396)

Multilateral aid: governments committing money through UN-based global development programs, which include the World Bank, the International Monetary Fund (IMF), the World Health Organization (WHO), and the UNDP. (pp. 381–382)

Neo-colonialism: a new form of indirect colonialism, to replace older models of direct colonialism; associated with creating dependencies in developing countries. (p. 388)

Official development assistance (ODA): the aid and development funds provided by one country. (p. 381)

Public forms of aid and development: delivered by government-based agencies, either national or international. (p. 381)

Public health information and education campaigns: conducted throughout the developing world, using media (radio, billboards, posters, and brochures) and free medical clinics to spread the message and tools needed to combat HIV/AIDS. (p. 397)

Private sources: all non-governmental sources of aid and development, including for-profit corporate sources and non-for-profit charitable sources. (p. 379)

Quality of life: takes into account aspects of an enjoyable life, such as subjective happiness and the attainment of certain objective goods and goals, like an education and a healthy body. (p. 375)

Recipient countries: countries that receive aid and development assistance; majority of countries in the world. (p. 382)

Remittances: when someone leaves or emigrates from a developing society to find work in a more developed one, the individual will often send a portion of his or her income privately to family members and friends back home in the developing society. These funds are known as remittances. (p. 381)

Standard of living: quantitative measurement of income per person. (p. 375)

Structural adjustment programs (SAP): new approach to development that focused on changing the structures of societies so that sustainable, broad-based development could take place. (p. 389)

Technology transfer: transfer of technology, usually from the developed to the developing world, to help in the latter's socio-economic development. One example of this is the Green Revolution. (p. 386)

Technology transfer foundations: a type of aid and development NGO that are part of the non-for-profit charitable source of assistance; an example would be the organization "Engineers Without Borders." (p. 381)

Tied aid: cash given with strings attached. A common problem during the first wave of ODA. (p. 387)

Top-down: initiated and directed in a hierarchical manner with official agencies calling the shots. (p. 385)

United Nations Development Programme (UNDP): part of the UN that tackles issues of poverty and development. Organization that constructed the Human Development Index (HDI). (p. 376)

White elephants: massive, impressive-looking development projects (photogenic) that do little to develop the recipient society. (p. 388)

Study Questions

Scroll to the end for answers.

1. What is the difference between aid and development?

2. What are the measures of quality of life included in the Human Development Index (HDI)?
3. What five items were part of structural adjustment programs' "universal recipe" for further development?
4. What are the three waves of development?
5. What are the eight Millennium Development Goals set by the UN?

Weblinks

"New Insights on Poverty" (Ted Talks)

<https://www.youtube.com/watch?v=YpKbO6O3O3M&t=19s>

- Ted Talks video by Swedish academic Hans Rosling, where he promotes the use of statistical data to explore developmental issues

"How to End Poverty in 15 Years" (BBC News segment video)

<http://www.bbc.com/>

- Shorter video segment from BBC News by Hans Rosling, about the path towards eradicating poverty in 15 years

"The Stages of Economic Growth" (journal article)

http://www.ufjf.br/oliveira_junior/files/2009/06/rostow.pdf

- A classic article by scholar Walt Rostow that lays out his theory on economic growth; this theory served as one of the foundations for modernization theory and the ideas behind Structural Adjustment Programs (SAP)

"Ancient Futures: Learning from Ladakh" (documentary)

<https://www.imdb.com/title/tt2297638/>

<https://www.kanopy.com/product/ancient-futures-learning-ladakh> (available for free to watch via participating University and public libraries)

- Documentary film based on Helena Norberg-Hodge's book (see Annotated Further Readings below); analysis of the consequences of development and modernization, in contrast to traditional culture and way-of-life

Further Readings

Acemoglu, Daron, and James Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York, NY: Crown Business.

- Both authors are well-known scholars whose study argues that economic success is fundamentally based on human-made political and economic institutions, and that incentives, innovation, and participation are key to different pathways taken by different societies; one of their case studies is an analysis of the different routes taken by North and South Korea in terms of economic development.

Scott, James C. 1998. *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*. New Haven, CT: Yale University Press.

- A very interesting study about why large-scale, top-down projects and schemes ultimately fail. Scott is a well-respected American political scientist who argues against development theory and the power of governments to direct and oversee development projects.

Shiva, Vandana. 2000. *Stolen Harvest: The Hijacking of the Global Food Supply*. Cambridge, MA: South End Press.

- Shiva, a well-known political activist, compares the different methods of food production in the world (command-and-control vs. small-scale local). She effectively argues against industrial agriculture and highlights the benefits of bottom-up approaches; a good complement to the bottom-up pluralism of development's third wave.

Atkinson, Anthony B. 2015. *Inequality: What Can Be Done?* Cambridge, MA: Harvard University Press.

- Atkinson, one of the world's top scholars on inequality research, tackles the tough question of how to reduce rapidly increasing inequality and poverty in the world; suggestions include policies in technology, employment, social security, capital sharing, and taxation.

Norberg-Hodge, Helena. 1991. *Ancient Futures: Learning from Ladakh*. London, United Kingdom: Random House.

- A first-person account by famed activist and linguist Helena Norberg-Hodge on the impact of economic globalization and development on a traditional area of the world that had never experienced any of it before. The book traces the socio-economic changes that take place as a result of the modernization process, and challenges the conventional wisdom regarding concepts like "development" and "progress."

Answers to Study Questions

1. Aid is about short-term relief, largely humanitarian in nature (via donations and gifts) and designed to alleviate some sharp, sudden crisis within a society. Development is slower and more long-term, focusing on helping a country grow as a whole, both economically and socially. (p. 374)
2. The HDI's measures of quality of life are life expectancy, infant mortality, rates of literacy and disease, rates of educational attainment, distribution of income, gender and minority equality, and self-reported satisfaction in life. (p. 376)
3. The “universal recipe” for further development included reducing the government’s presence in the economy in favour of private business and free-market enterprise, opening a country up to foreign companies, improving a society’s basic legal foundations, establishing strong and systematic anti-corruption measures, and bringing inflation under control. (pp. 389–390)
4. The first wave centred around top-down, state-centric, megaprojects. The second wave was dominated by the paradigm of structural adjustment programs (SAP), which prescribed a “universal recipe” for development. The third wave revolves around the idea of bottom-up pluralism (“It’s all about people, not projects”). (pp. 385–393)
5. The MDGs are to eradicate extreme poverty and hunger, to achieve universal primary education, to promote gender equality and empower women, to reduce child mortality, to improve maternal health, to combat HIV/AIDS, malaria, and other diseases, to ensure environmental sustainability, and to develop a global partnership for development. (p. 396)