

Let Them Eat Paradigms:

Public Attitudes and the Long, Slow Decline of Development Cooperation

By Ian Smillie

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It is frequently said that development cooperation is undergoing a paradigm shift. Certainly development cooperation, known more familiarly as 'aid', is not in a healthy state. It is unhealthy in the sense that it is being reduced by many of the largest aid-givers: not just those that long ago reached the unreachable goal of 0.7 percent of GNP - Sweden, Denmark, Netherlands - but by those who never reached half that amount. It can be argued, of course - and *is* argued by some development purists - that aid was not a very healthy practise in the first place, and that reductions in a bad diet cannot be a bad thing. That aid is generically bad, however - as opposed to inappropriate or inefficient, or ineffective, is seldom used as an argument for cutting back. The main arguments for reducing official development assistance usually cluster around four or five central themes.

The first and foremost usually has to do with the domestic economy of the aid-giving country. Budgetary deficits and the national debt burden are frequently cited in some countries - the United States and Canada spring easily to mind. 'We have to take care of our own problems first,' is the rallying cry for this justification. It is hard to know where to begin with this, because in fact from the outset of the 'development' era, a very great proportion of development assistance has been tied to the goods and services that the 'giving' country most wanted to foster. The 1995 British scandal over the Pergau Dam in Malaysia, or the 1996 row created by the Australian private sector when AusAID tried to cut a mixed credit scheme are prominent examples. The issue of tied aid continues to rage, even as ODA budgets decline. My favourite example of wretchedly bad tied aid is a small but telling Canadian one: in 1991, a Canadian firm with no experience whatsoever in the manufacture of hand pumps, received a CIDA contract to produce and ship several hundred to Ghana. I saw the pumps months later - each with a prominently displayed maple leaf label - piled up in a Ghanaian workshop where four separate engineering corrections had to be performed on each one in order to make it serviceable. The irony was that the workshop - which would have been quite capable of manufacturing the pumps itself - was actually receiving core funding and technical assistance from CIDA in order to improve the capacity of the light engineering sector in Northern Ghana

A second and frequently cited reason for cutting ODA is that the public support needed to sustain it is simply not there any more. Somebody once said that if you tell a lie often enough, sooner or later, people will believe it. This seems to be the case where aid is concerned. I studied the question of public support at length for the OECD Development

Centre three years ago. I had access to opinion polls covering a decade or more, from a dozen countries. There was *no* indication in any of them of any serious decline in public support for ODA. In fact support was high - consistently high, over time, in almost every OECD country where data was available. Including the United States. I am currently looking at this issue again, and am gathering more recent public opinion polls. These bear out the findings of those from the early 1990s. At the end of 1996, for example, UNDP reviewed scores of opinion polls, comparing 1983 and 1995 data from eleven countries, including the United States, Japan, Germany, Britain, the Netherlands and others. They found that on average, despite differences between countries, public support for 'aid' in 1995 averaged 79 percent, slightly higher than in 1983. (And slightly more than *twice* as high, it might be added, as the popularity rating of most OECD governments.) In Ireland and Italy, the growth in support exceeded five percent, and the only country where the drop was greater than five percent was Belgium.

Polls are notoriously unreliable, however, and many of them demonstrate that people actually know very little about aid. In the United States, for example, most people think that aid consumes ten percent of the federal budget. What the polls clearly demonstrate, however, is that people think that aid should go to those most in need. This is not an argument for emergency handouts, rather it is a belief that aid should go towards helping those in trouble to get out of trouble. More on this point later.

One indicator of 'aid fatigue', or 'compassion fatigue' as it is sometimes called, might be a decline in donations to NGOs. My study aims to shed brighter light on this question. Certainly, some NGOs *are* experiencing a decline. There are several reasons for this. Smaller NGOs are losing their market share to the more professional and better known brand name organizations - CARE, Oxfam, World Vision, Foster Parents Plan, Save the Children. A second reason in some countries is that there are now more domestic charities raising funds to offset cutbacks in domestic government spending. This may represent a shift in giving, but it is not compassion fatigue. A further 'problem' for international NGOs is that there *has* been a decline in giving to some organizations over the past *two* years because of reduced emergency appeals for Rwanda. But over a longer period - say, five years, the trend for many is *up*, not down. Over the past five years in Canada, donations to some international NGOs and churches have been flat, but for others there has been growth. The average rate of growth for World Vision, CARE and the Aga Khan Foundation was 23 percent between 1991-2 and 1995-6. In Australia there were approximately 34 percent more charitable institutions in 1996 than there were in 1991, all actively raising funds from the general public and the private sector. But between 1991 and 1995, giving to the four NGOs receiving 60 percent of Australian donations increased by an average of 39.3 percent. And in the case of one, Community Aid Abroad - Oxfam in Australia - the increase was more than 140 percent.

A third reason given for cutting back on aid is the sweeping generalization that 'aid has not worked'. This argument begs a much larger question: *which* aid has not worked? The Pergau Dam kind of aid, or the Grameen Bank kind? The decrepit railways, broken roads and rusting tractors that Graham Hancock excoriated in his infamous book, *The Lords of Poverty*? Or the hundreds of small scale rural success stories described by Robert

Chambers in *Rural Development, Farmer First* and *Whose Reality Counts?* The preordained failure of the integrated rural development jamborees of the 1970s, or the immunization programs that wiped out smallpox and helped to halve the under-5 mortality rate in two decades? The chronically inept, high-cost support to regimes led by people with names like Bokassa, Banda, Marcos, Duvalier, Samosa and Mobutu? Or the support that helped give voice and space to Kenya's Green Belt Movement, India's Self-Employed Women's Association, or Steve Biko's Black Consciousness Movement in the darkest days of apartheid?

The end of the Cold War has allowed us to drop some of the worst 'aberrations' from our client list and from our menu of available aid programs, but we have replaced them with far too little, and in some cases, with nothing. New and democratically elected governments in Malawi, Sierra Leone and elsewhere have knuckled under to harsh structural adjustment, but very little of the promised compensatory assistance ever arrived. What came instead were tales of deficits in the rich North, of aid fatigue, and of whole new development paradigms.

The newest paradigm, and a fourth reason for cutting back, is that the private sector, or so it is argued, is now going to take care of everything. As proof of this, figures are cited to show that net private flows have dramatically increased in recent years. Nearly one third of all foreign direct investment in 1995 - \$100 billion - went to developing countries, far outstripping the declining aid dollar. Developing countries have contributed to about half of the growth in world trade through the decade, further evidence that the world economy is gradually (or even quickly) healing itself. That this trade and investment takes place, however, in a tiny handful of Asian and Latin American countries, is usually not mentioned. This would be like raining on a grand parade, one with dazzling costumes and triumphal marching bands. It would seem churlishly pessimistic to the enthusiastic onlookers, so eagerly seeking verification of their hopeful faith in the much advertised, bright new world order.

Ignored and quickly forgotten in all this spectacle are things like the Mexican financial fiasco of 1995, which wiped out \$10 billion in US investments in a matter of days. Ignored is the bailout package of \$30 billion in new US and European loans, and a package of IMF standby lending that was three times greater than any set of loans given to an IMF member up to that time. The fact that half of all Mexicans were already living in poverty - one fifth of them in extreme poverty - did not seem to strike economists as a reason to do anything but applaud wage restrictions, a drop in Mexican living standards, and tighter immigration controls to the United States.

When the party celebrating this brave new world order ends, there will be a moment for reflection. That moment might coincide with another Mexican financial disaster, because there is little real hope that Mexico can ever pay off the debts it incurred to shore up the old foreign investment, much less the new investment that rushed in when the marching bands started up again. It might occur with the collapse - under the weight of poverty, fundamentalism, corruption and political myopia - of other economies: Colombia, perhaps; Nigeria, Zaire, Egypt or Algeria. Or - dare it be suggested - Indonesia or China

in a post-gerontocratic age? Or it may come from another source: from a costly realization that the dozens of nasty little wars around the world do, after all, have an impact on the industrialized world. From a realization that our unwillingness to take Agenda 21 and the promises of Rio seriously is going to have (or is already having) a serious and negative ecological impact on the *whole* world, not just on countries like Pakistan, India and China, eagerly emulating the industrialized world in their rapacious and toxic industrial practices. Or it may come when the shiploads of economic refugees can no longer be stopped, or when new diseases, born in filth and deprivation, begin to travel more widely abroad.

When it does come - realization that apathy is bad policy, and that the private sector lacks the skill and the incentive for active poverty eradication - the idea of development cooperation will probably be revisited. The revisitation, I would like to think, will include more serious reflection on the ultimate purpose of development assistance. It may, for example, at last be possible to devote more of the aid budget to the things governments currently tell their taxpayers about aid: not short-term strategic, political and commercial interests; but the longer term strategic, political and commercial interests that would flow from a more balanced trading system, from countries *able* to trade because they are producers as well as consumers, and because they are at peace. There will have to be consideration given to spending more than ten or fifteen percent of ODA, as is currently the case for many countries, on building an environment conducive to meeting basic human needs. The list is not difficult to compile: UNDP publishes one every year in its Human Development Report. The DAC Chairman's Report does the same, year after year, appealing for less tying and greater coherence in aid policies. UNICEF's State of the World's Children has other kinds of lists, but they are all consistent, and they all offer a guide to what should and could be done, if the industrialized world would divert its attention from the passing parade long enough to see what is likely to follow in its wake.

I had occasion during 1996 to work with a Canadian Task Force under the Chairmanship of Maurice Strong, drawn together to discuss priorities for Canadian internationalism in the twenty-first century. The Task Force was small, but it included representatives from the private sector and academia, a senator, a former provincial premier, a former president of CIDA.

The Task Force concluded, and I will quote directly but selectively from its report, that the old dividing lines between Northern industrialized countries and the developing countries of the South are changing quickly and dramatically. Concepts of paternalism and charity - inadequate and inappropriate at best - are dying. The traditional case for aid, based on altruism and commercial gain, is no longer adequate. At the same time, it is increasingly apparent that continued Northern prosperity cannot continue at the cost of growing poverty, disease, warfare and despair in the South. And while the industrialized world may be less inclined to become involved in dramatic, highly publicized situations like Somalia and Rwanda, they can be ignored only at the risk of their spread. The choice is not between doing something, and doing nothing; it is between making investments in sustainable development now, versus the much greater and more frightening cost of providing a remedial response later.

Where aid is concerned, the arguments of both altruism and self-interest lead in the same direction: by helping people to help themselves, we also assist in creating new markets and new trading partners, new vehicles for Canadian investments, new opportunities and a safer future for Canadians. 'Their' future is our future. This is not charity. If *they* do well, so does Canada.

Some foreseeable problems and dangers can be offset by prevention - in the form of balance-of-payment aid programmes and aid agency efforts aimed at eradicating poverty. Most of them, however, will rely on the ability of Southern governments and institutions to bring about change in their own countries. Their success will be based on the knowledge, skills and technologies which flow from appropriate investments in learning and capacity development, and from enlightened international policies - on trade, investment, the environment.

The Task Force was seized not only of the need for change in Canada's approach to international issues, but of the opportunities that have become manifest in recent years. The Task Force concluded, *inter alia*, that:

- Change in today's world is marked by uncertainty and urgency; Canadians are *unavoidably* part of that change.
- The globalization of industry, finance, markets, information and communication technologies has transformed the concept of competition from a means to an end, from an economic concept of lower cost and higher quality, to an aggressive ideology based on 'winners', survival and hegemony. Ideas of social welfare, common good and common interest, historically protected and regulated by the nation-state, are being replaced by social intolerance, fundamentalism and destructive rivalry. There is increasingly little place left for 'losers' - primarily poor countries outside the North American, European and East Asian axes, and the increasing numbers of unemployed and working poor within them.
- Just as population growth has a particular geography, so do concentrations of wealth, knowledge, technology, poverty and violence. The effects of these concentrations - good and bad - do not stop at international borders. Violence, organized crime, mass unemployment, ecological disruption, drug trafficking, and terrorism have become globalized - a product of, and a contributor to, weak governments and growing poverty.
- Canada's fortunes are so tied to what happens elsewhere in the world, that our self-interest must be redefined on a longer term basis. Change will mean dislocations, but if properly planned on a sustained basis, it will also mean very real opportunities for Canadians.

As a solution to these challenges, the Task Force concluded that old concepts of North and South, of paternalism and charity, must be buried. An enormous area of productive creativity for development remains unexplored, while inordinate attention is given to

lucrative but unproductive goods and services that have little relevance to the bulk of the world's population. If this is to change, new and imaginative networks must be created among the business, academic, research and non-profit sectors, making connections between genuinely effective endeavours. The waste of innovative potential must cease.

The greatest challenge for the future - for Canada and for other industrialized countries - will be to bridge the gaps between what we know we can do, and what needs to be done. This bridge-building can be done primarily by and for rich countries, and for the growing numbers of rich within poor countries. In addition to being bad ethics, however, this is bad economics. The greatest potential markets for Canada and other industrialized countries in the coming century lie in developing countries. Canada can be an ally to these countries in their efforts to become part of the larger world if it is able to position itself more strategically around issues relating to knowledge and communication for development.

The problem is not a lack of information, of which there is an over-abundance. The problem is inadequate capacity to access, sort, analyse and to translate it into useful policy and appropriate action, in Canada and overseas.

Canada's historical role as international 'good neighbour' will not be sustained in future by the size of the country's population or its economy. And its relations with developing countries will no longer be dominated by the donor-recipient exchanges of the past. Canada's strategic advantage is most likely to lie in its potential as a 'knowledge broker', as a country with particular historical advantages in international coordination, a country with an excellent stock of international goodwill, a country with historical and growing capacity in the most modern aspects of communications and cybernetic technologies. The Task Force saw 'knowledge' in three dimensions:

- the creation of *substantive knowledge*, in the form of both services and products, across a range of development issues;
- the creation of *knowledge-based networks* that can multiply, disseminate and expand knowledge; and
- establishing *the capacity to use, adapt and build knowledge* for development at the local level, and to build a base upon which effective and appropriate policy can be developed.

The Task Force recommended, as a matter of urgency, that *knowledge*, and the communication and information technologies that can advance knowledge, be placed front and centre in Canadian foreign policy and Canada's international outreach. Canada should position itself for the coming century as a *creator* and as a *broker* of knowledge for development.

The Task Force understood that the call for 'networking' has become a mantra in the 1990s, and it was concerned that its objective be clear. The system it envisaged must be capable of making useful and appropriate information accessible and adaptable at a local level - for an individual health researcher, an aid agency or the senior officials in a

ministry of agriculture. Where technology is concerned, the concept transcends the current Internet smorgasbord. The value added in a new approach would revolve around the *practicality* of the knowledge, *who* captures it, and the *uses* to which it is put. In the past, far too much knowledge for development was centralized, generalized, and loaded onto a one-way conveyer belt from North to South, without adequate regard to practical problems, local conditions, or the ultimate end-user.

And finally, the Task Force understood that a stabilized, innovative and dynamic community of internationally relevant institutions - and the financial support they need, will require the political permission that can only come from public support. *Public understanding and support, therefore, are among the most urgent priorities for the very survival of an international Canadian capacity.*

And here is where I come to the uncertain, and possibly unhappy ending of the story. The Task Force Report was well received, and was personally endorsed by Canada's Foreign Minister. A wide variety of meetings have been held across Canada, mostly informally, in the six months since its release, to try to figure out what to do next. So the jury is still out as to whether we have reached a turning point, or whether this is just another bus stop on the narrowing, pot-holed highway that seems increasingly to symbolize aid programs in many countries. Canada's aid budget still remains on a downward track, with cuts of over 30 percent in the past four years. And where the all-important creation of greater public support is concerned, there remains a deafening silence. Development education spending among NGOs is down, and support from CIDA for development education has been dramatically slashed in the past two years. The budget for CIDA's own public outreach program was cut in half last year, and its public affairs spending fell by 35 percent. Overall, the public affairs budget represented less than one third of one percent of Canadian ODA. Similarly low levels prevail in other countries. It is no wonder, then, that public knowledge about development cooperation throughout OECD countries is so shallow; it is no wonder, when confronted with scandals like the Pergau Dam, that some people say too much is being spent, or that aid never reaches the people who need it most.

What remains, and what provides hope after all the strategy debates, after all the early warnings, the just-in-time warnings, and the late warnings, after all the lists of achievable but unfinanced goals compiled at Rio and Beijing and Copenhagen, what provides hope is fairly solid evidence - in the form of donations and opinion polls - of the compassion and concern that ordinary citizens have for their neighbours in other countries. This compassion and concern can, and in my view *should*, be seen as an opportunity for rethinking and reorganizing development cooperation, for making a quantum leap, for realizing a *genuine* paradigm shift, for putting real meaning into these and all the other slogans that have been heaped on development cooperation in recent years. If this does not happen, governments, and others of us in the development business, will have squandered the opportunity to do something positive - not just for those living in poverty elsewhere, but for *our* children and our grandchildren in the North, who will inevitably suffer tomorrow from the impact of our continued short-sightedness today.

***Ian Smillie**, an Ottawa-based consultant and writer, has worked for more than 30 years in the international development. He has managed large development enterprises in Canada, Africa, and Asia and has written extensively on the subject of nongovernmental organizations*