

Paradoxes and Prospects: Moving Beyond the Study of Foreign Aid

Karen Mundy

Ontario Institute for Studies in Education, University of Toronto

In his article, "Aid, Development, and Education," Steve Klees (2010) tells us two stories about foreign aid. The first is that foreign aid does not "work" to alleviate world poverty, no matter whether one takes a neo-Marxist or liberal approach to understanding it. Aid is more about self-interest and geopolitics than anything else – at best it is a form of compensatory legitimation practiced by the world's richest governments to put a band-aid on inequality. Quoting Joel Samoff, Klees tells us that aid's "...essential role is not to achieve publicly stated objectives, but rather to maintain a global political economy of inequality" (p. 16).

At the same time, Klees tells us that aid is not "all bad." It has a progressive and transformative component. If reformed, and revamped, it can serve the common good. More money, provided directly to the poor, getting rid of the World Bank, focusing on key priorities, changing the role of research in the aid regime, and increasing forms of democratic participation and collective agenda setting are all parts of Klees' remedy.

I want to raise two questions in this response. First, how can we (critical scholars) have it both ways? That is to say, how can development assistance be both a key instrument of unequal social relations and part of a progressive solution? Second, what is missing from Klees' diagnosis of the aid regime and his prescriptions for aid reform?

What Is Aid Really About?

In the field of comparative education, I would argue that we have (for a very long time) been dominated by a relatively thin description of international political economy when it comes to foreign aid. To unpack foreign aid we need a much more complete theory of world politics and world order, including a basic explanation for the behaviors, motives, and values of key actors within our changing world order that recognizes agency.

Here is what we know. First, foreign aid itself is a phenomenon of the post-World War II era, dominated by the activities of a small number of Western states. In origins and organization, it owes a great deal to the power politics of a bipolar world order that emerged during the Cold War.

At the same time, we would be amiss if we imagined that aid has not also been a product of the evolution of the Western capitalist welfare state and the evolution of a social compact or compromise within those states. Thus while geopolitics and self-interest have been very important in shaping the thematic and geographic allocation of aid, at the same time, certain trends suggest that aid has also reflected the broader process through which capitalist nation states adopted compensatory, Keynesian, or redistributive public policies at home. For example, over time (and with one short period of regression) aid has become more pooled and multilateral, and it has slowly moved towards the provision of enlarged shares to the poorest countries and their poorest populations. Aid to education has also, over the last decade, come to focus more on basic education and on financing the recurrent costs of basic education.

Klees suggests that one way of understanding aid policies is as a mechanism through which powerful states offset the problems of inequality and legitimate their own power. This is a relatively static and fixed argument; in the end, aid is structurally reduced to motives and incentives that mean it can never rise above being a bandage on human misery.

A second view of the political economy of aid might be to see it as the product of real historical contests among both states and wider social forces in the construction of world order. Such a view might draw upon the ample research tradition that sees the welfare state as the outcome of the organized demands of civil society upon the state. Foreign aid has come to reflect the development of societal compromise or social contracts between citizens and governments within Western welfare states, which are mirrored in global norms and aspirations for achieving equality and social justice through development assistance. Over time, the publics of Western welfare states have come to see foreign aid as a fundamental piece of global redistributive justices – and (especially outside the U.S.) these publics on the whole remain extremely supportive of foreign aid. Development aid may therefore be seen not only as an expression of the ruling elites and their need for “compensatory legitimation,” but also as the result of real pressures from wider social forces for greater and more real equality, domestically and abroad.

This seeming paradox means that in studying foreign aid, our job is a difficult one. We have to ask: what forms of power and self-interest shape the current organization of foreign aid? At the same time, we also need to ask the question: what historical and contemporary levers, and which agents, might drive improvement of foreign aid? Furthermore, what new institutional structures are needed and what barriers to their creation exist? I take this as an underlying part of Klees’ argument, but I think it bears restating in these terms.

New Features Require New Thinking

While I agree with many aspects of the arguments Klees puts forward, I want to suggest that new features of the global polity require us to think in new ways about the prospects and purposes of international development aid. In the broadest sense, we need to unpack and examine the motives and incentives behind both official development assistance and the rapid expansion of privately funded development activities. We also need to examine which social forces are most likely to leverage change, and what global institutions or mechanisms are more likely than others to deliver on what Klees calls “transformative” goals, such as the realization of education as a basic human right.

First, we need to acknowledge that history has changed the players and institutions that underlie contemporary forms of development aid. Our story about foreign aid will be too thin if we do not acknowledge that:

- The huge downturn of official (state-provided) development aid in the early 1990s (caused in part by the end of the Cold War), was replaced by a decade of more collective, redistributive approaches to official aid in the period after 1996. While still representing a small “slice” of Western governments, there has been real momentum around the idea of collective action on “education for all” over the past decade to a degree not previously seen in the world system.
- There has been a rapid expansion of private sources of development aid (Severino & Ray, 2010). State monopoly of development aid is a thing of the past, with estimates of upwards of \$10 billion provided by international non-governmental organizations in 2006. In the United States alone, recent estimates suggest that private sources of funding for international

development now exceed official (state) provided development aid. Some of these private flows are highly corporatized. However, small-scale philanthropy is also on the rise. For education, such small-scale private giving is particularly extensive: go to any school, faith organization, or community group in North America, for example, and you are likely to find some sort of scholarship or child support effort in action. This implies that there is broad, on-the-ground support for the idea of a global social safety net.

- The diversity of institutional actors doing international development has increased – often in the form of multi-stakeholder partnerships between governments, private philanthropy, and businesses. Klees gives one example of this: the Global Fund. This fund is financed by diverse partners, including Bono’s Red campaign, the Gates Foundation, bilateral and multilateral organizations, and is organized around performance outcomes. We need to ask some hard questions about these new institutionalized “public private” partnerships. Critics have argued that neither GAVI (Global Alliance for Vaccines and Immunisation) nor the Global Fund are the positive model for participation that Klees implies in his article because they circumvent governments and raise the power of non-state actors with limited accountability to their funders and their “clients” (see for example Garrett, 2007; Doyle & Patel, 2008; and for a larger critique, Scholte, 2005).¹
- New states are becoming actively involved in development aid, and the center of global power is shifting towards a new group of countries (Steer & Wathne, 2009). The emergence of the G20 is just one feature of this power shift (Kumar, 2010). The rise of China as an aid donor is another (Gu & Messner, 2008; Woods, 2008). We know relatively little about the approach to development or to global institutions that will be taken by these new world powers. But they will certainly reshape the institutions of global governance and the field of educational development over the next decade.

Our old political economy approaches need to be updated to explain the surge of new private and state actors in international development activity. This is no longer a story simply about state power, the power of capital, or compensatory legitimation among states. Systemic critiques of capitalism and states fail to capture the diverse motives and objectives of new actors and actor configurations, and they provide us with few tools or models for understanding points of transformative leverage. Even my own preferred narrative, which revolves around the notion of social forces working to embed redistribution as an important purpose of public policy, seems too thin to be useful.

In this regard, I would like to end by questioning two of the remedies offered by Klees: “participation” and getting rid of the World Bank.

What we have seen over the past decade is a massive growth in the “participation” of voluntary actors in the field of international development. Yet despite this development, we’ve done relatively little in our field to specify what transparency, accountability, and deep levels of public engagement look like for transnational and local non-state actors, and how (in an ideal world order) these actors should relate to democratic and representative institutions of governance. It seems to me that private efforts of all kinds (from individual voluntary giving to corporate philanthropy) need to be better coordinated, regulated, and embedded within representative democratic structures – moving from the community, to the state, to the regional and transnational (with overlaps in between). “Participation” is no quick fix, if what we mean by this is the construction of a new social contract among the world’s citizens and their governments at these different scales.

Getting rid of the World Bank is a call that may have important rhetorical value: over the past two decades, it has clearly helped advocates and campaigners to highlight the major faults within that institution. But in a time of major economic crisis, and given the huge shifts in the key actors within the international development regime, I believe it is irresponsible to call for the end of one institution without careful modeling and debate about alternative architectures for delivering on the promise of a global social contract. In the meantime, we should ask ourselves: do we really believe that contemporary world powers and other key development stakeholders (such as corporate NGOs and large foundations, like Gates) are likely to replace the Bank with something that is dramatically better? Or is the more likely outcome an even more chaotic and divided arena for delivering on global education for all promises, with many vertical funds and multi-stakeholder partnerships, and no anchoring institution that we can hold responsible for delivering a global social contract? To give it credit, the Bank remains among the most transparent and accountable of our international institutions (see the analysis provided by Easterly and Pfutze, 2008); it provides more direct budget support than any other aid provider; and, because of its direct relationship with the IMF and ministries of finance around the world, it has the ability to advocate for education and other social expenditure more forcefully than any other existing global institution. It also offers an important focal point for efforts to influence and socialize new global governors – such as China, now the Bank’s second largest shareholder (Woods, 2008).

Like Klees, I do not believe that more aid – or even more effective aid – should be our sole objective when we think about reforming the current international development regime. However, if our ultimate objective is a world order characterized by democratic forms of governance that scale up to act as both anchor and lever for a new global social contract, we have a great deal of further thinking to do. Hortatory calls for participation, and “50 years is enough” simply won’t get us there. As starting points, we will need a much thicker description of international political economy, including new state and non-state actors. We will also need to pay much greater attention to modeling alternative institutions for an emergent world polity.

Endnotes

1. As an example, the Global Fund has been criticized for funding initiatives that bypass both UN organizations and governments. They have been accused of tilting health spending towards non-state service provision (Doyle & Patel, 2008; Rivishankar et al., 2009; Sagorsky, 2010).

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