

# Debating foreign aid: right versus left

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*ABSTRACT* Foreign aid is a complex international institution which, over the years, has experienced a number of transformations. Most of these changes, however, cannot be understood outside the ideological environment in which they were engendered. Building on this analytical insight, the article argues that the debate on development assistance has always been framed in terms of an opposition between forces of the Right and forces of the Left. The first part of the article explains how the very definition of aid has been influenced by the Right–Left opposition. The second section uses the Right–Left distinction to re-examine the key stages in the history of the aid regime. The third part summarises the assessment that the Right and the Left each make of a half-century of development assistance. Finally, the conclusion discusses the significance of this contribution to the study of aid and international relations.

Foreign aid is one of the most original political innovations of the twentieth century. Never before had wealthy countries transferred, unilaterally and non-reciprocally, such considerable financial resources to poorer nations.<sup>1</sup> The significance of this institutional innovation can be readily appreciated when one considers the sheer volume of the transfers involved: since the late 1940s, the developed countries have allotted around US\$1 trillion to development cooperation.<sup>2</sup> In more political terms, foreign aid has become so well entrenched as a pillar of modern North–South relations that many observers now regard it as an integral part of customary international law.<sup>3</sup> Development assistance has also gradually emerged as one of the principal levers for the globalisation of social policies.<sup>4</sup> In short, the aid regime has contributed substantially to the transformation of contemporary world politics.

The evolution of foreign aid has been largely shaped by structural changes in the international system, such as decolonisation, the failure of the New International Economic Order, the end of the Cold War and the acceleration of globalisation. At the same time, as constructivist insights suggest, the transformations of the aid regime cannot be understood outside the ideological and discursive environment in which they were engendered. In line with these insights, it is important to emphasise that the debate on development assistance has always been framed in terms of an opposition between forces of the Right

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and forces of the Left. At first glance, this interpretation may appear curious, if not overly simplistic, because Left and Right are notions little used in the study of international relations. In comparative politics, in political philosophy and in sociology, however, the Right–Left opposition has long been recognised as a meaningful distinction.<sup>5</sup> It is certainly true, as Anthony Giddens points out, that in the shifting ideological environment of the post-cold war era, Right and Left cannot be considered the ‘sole and sovereign dividing-line’ in political struggles.<sup>6</sup> Yet this author also makes clear that Right and Left ‘still count for a good deal in contemporary politics’.<sup>7</sup> There exists no *a priori* justification for depriving the field of international relations of such enduring analytical categories.

Evidently, the terms ‘Right’ and ‘Left’ are not easily defined, and this analysis in no way claims to resolve all the problems posed by the elaboration of such a definition. It seems useful, however, to point out that a number of these problems stem from two fundamental realities. First, ‘Right’ and ‘Left’ are highly context-dependent, and their meaning varies considerably across space and time.<sup>8</sup> Second, in real political life the Right–Left distinction refers to a wide spectrum of attitudes rather than to a mere dyad.<sup>9</sup> In sum, Right and Left are by their very nature relative concepts, which goes a long way to explain the lack of consensus on their meaning. Yet it is revealing that, notwithstanding the lack of a universally accepted definition, a vast majority of observers would agree that the British New Labour Party, non-governmental organisations (NGOs), the government of Sweden, and the United Nations Development Programme (UNDP) stand to the left of, say, the Conservative Party, business groups, the government of the USA, and the IMF. The Right–Left distinction may be a metaphor, but those who use it ‘do not appear to be using words unthinkingly’.<sup>10</sup>

This article is grounded on two assumptions: 1) the main difference between Right and Left is that the Left is more egalitarian than the Right;<sup>11</sup> 2) aid involves a range of policies intended to promote greater international equality.<sup>12</sup> Because of their high level of generality, these assumptions certainly cannot explain foreign aid in all its particulars. Their great advantage, however, is the ability to illuminate the forest rather than the trees. More specifically, the proposed assumptions make it possible to discern a simple yet constant dynamic: the Left is more favourable than the Right to development assistance. In order to probe the workings of this dynamic, the first part of the article explains how the very definition of aid has been influenced by the Right–Left opposition. The second section uses the Right–Left distinction to re-examine the key stages in the history of aid since its inception. The third part summarises the assessment that the Right and the Left each make of a half-century of development assistance. Finally, the conclusion discusses the significance of this contribution to the study of aid and international relations.

### **The definition of foreign aid**

According to the OECD definition, which is by far the most prevalent,<sup>13</sup> aid (or ‘overseas development assistance’ (ODA)) refers to the loans and grants allotted to developing countries and which fulfil three criteria: 1) the loans and grants must come from the public sector, 2) they must be granted with the aim of fostering

economic development, and 3) they must be concessional and contain a grant element of at least 25%.<sup>14</sup> Although apparently clear and neutral, this definition must be seen as the product of a political compromise which, over the years, has required fine-tuning. The Right–Left divide provides a unique vantage point from which the whole history of these negotiations can be apprehended. As this history shows, the Left has traditionally contended that the definition of aid should be restrictive, so as to avoid an overblown representation of the developed countries' generosity. The Right, on the other hand, has been inclined toward a broad definition that might include the widest possible range of donor practices.

Certain moments in the debate on the definition of aid have been dominated by the more restrictive, left-wing outlook, while the more elastic, right-wing perspective has triumphed at other times. The Left's influence first made itself felt with the adoption of a definition whereby aid is limited to public resources and so excludes any contributions from the private sector. Although it may seem natural today, this exclusion has not always been the case. It should be recalled that, until the early 1960s, aid statistics reported all types of financial flows, including private investment.<sup>15</sup> The introduction of a developmental obligation—that is, the notion that assistance must be granted for purposes of development—was clearly another victory of the Left in the debate on the definition of aid. In the 1960s this norm led to the exclusion of military co-operation from the measurement of ODA, whereas in the 1990s it became the basis for a fundamental distinction between aid given to the South and assistance provided to Russia and Eastern Europe.<sup>16</sup> Finally, the setting of a minimum level of concessionality (25%) was also more in line with the views of the Left. A major effect of this rule has been to exclude from the definition of foreign aid a large proportion of the loans made by multilateral development banks because many of these loans are granted at near-market terms.<sup>17</sup> To sum up, the Left has always fought for a strict definition of development assistance and against the confusion of aid with other types of financial transfers, whose motivation could derive from the political or economic interests of the donors.

Meanwhile, the Right has constantly sought to broaden the definition of development assistance. Its influence can be seen most notably in the fact that the OECD's definition embraces both loans and grants, without discriminating between the two categories (in 1998–99, 19.4% of international aid was comprised of loans<sup>18</sup>). Because of this practice, the amounts allocated are obviously inflated, since 'the whole loan rather than the grant element ... is recorded as ODA'.<sup>19</sup> The Right has also succeeded in having new kinds of expenditures added to aid statistics, such as programme administration costs, assistance to refugees during their first year of residence in a developed country, and the financial support for the education of Third World students in donor countries.<sup>20</sup> For the Right, this 'broadening of ODA'<sup>21</sup> has always seemed justified since all the expenditures included in the current definition of aid are deemed to have a positive impact on developing countries.

It would be wrong to overstate the energy devoted to the question of defining aid in the chancelleries of the developed countries and in international agencies. Yet it is hard to see how the controversy opposing the advocates of a restrictive definition and those of a flexible definition of development assistance might soon

be conclusively resolved. In coming years, discussions are likely to focus on issues such as the status of peace-keeping operations and the funding of global public goods.<sup>22</sup> As the past suggests, these discussions will certainly have far more to do with politics than accounting. In this regard one can expect that the tension between the Right, which tends to see aid as charity, and the Left, which tends to see it as an entitlement, will continue to occupy centre-stage in the debate.

### **The history of development assistance**

The Right–Left distinction opens the way to revisiting the whole evolution of development assistance policies. The survey below brings to light how every period in the history of aid has been characterised by a particular balance between Right and Left. The flow of the events discussed can be summarised roughly as follows. Foreign aid came into being in the 1940s under the impetus of a left-wing political culture. However, it was in a predominantly right-wing environment, during the 1950–70 period, that development assistance became a major international institution. In the 1970s, the introduction of the concept of basic needs turned the aid regime leftward. Later, during the 1980s, the promotion of structural adjustment coincided with the strong resurgence of the Right. Finally, since the early 1990s, the new emphasis on poverty reduction has signalled the inchoate yet genuine revitalisation of left-wing values. While this reading of history may appear fragmentary, it draws, as we shall see, on a rich vein of thought.

#### *The origins of a policy*

Development assistance has left-wing roots. These roots are found in the increase of private aid in the early part of the twentieth century, the creation of the welfare state, the establishment of the UN system, and the launching of the Marshall Plan. With respect to private aid, one source estimates that in 1910 the developed countries were already home to over 300 NGOs active abroad.<sup>23</sup> Initially focused on short-term humanitarian aid, the work of NGOs was gradually extended during the inter-war years to long-term development projects in the areas of health, education and agriculture. Although the social impact of these early private initiatives was sometimes open to question, they were nonetheless founded largely on the left-wing values of ‘world citizenship and universal human kinship’ that were also promoted by the labour movement.<sup>24</sup> It is well recognised that NGOs supplied an abundance of priceless knowledge when public assistance programmes were instituted. From a broader perspective, it is also important to note that, through their rhetoric and their field activities, NGOs contributed to defining a new vision of international co-operation.

The establishment of the welfare state in the 1930s and 1940s is another factor that paved the way for the setting up of the foreign aid regime. Fundamentally, the welfare state legitimised government intervention to abate the harmful effects of the market, and helped strengthen equality as a foundational principle of democracy. To a large extent, development assistance played a similar role in the

international arena. Accordingly, several authors have described foreign aid as a projection abroad of welfare state principles.<sup>25</sup> As summarised by David Lumsdaine, 'the willingness to consider government programs of assistance to people overseas clearly reflected the growth of the domestic social welfare state'.<sup>26</sup> In line with this view, a strong link has been identified between foreign aid spending and 'the capacity of a society to accept and institutionalize nonmarket principles of income distribution'.<sup>27</sup> Social-democratic countries are more generous towards the Third World than conservative or liberal countries. Such findings provide solid empirical support for the idea that the welfare state and the aid regime are based on a common left-wing ethic.

The creation of the UN and the World Bank—whose central role in development co-operation is unanimously acknowledged—offers another illustration of the Left's influence on the establishment of the aid regime. Clearly, the setting up of the postwar multilateral system was consistent with the economic interests of the major powers and contributed to the strengthening of US hegemony.<sup>28</sup> But this system also reflected 'a set of ideas drawn from the American New Deal and European social democracy'.<sup>29</sup> As such, the establishment of the UN gave an unprecedented impetus to the notion that it was the duty of the society of states to promote co-operation in the economic and social fields. To a large extent, the UN Charter can be regarded as the source of international development law.<sup>30</sup> For its part, the World Bank is an institution that, in recent years, has sometimes been described as an instrument of 'market colonialism'.<sup>31</sup> Its foundation, however, was applauded by the Left, which saw in it 'an immense improvement over the situation of the 1930s'.<sup>32</sup> As suggested by one observer, the World Bank was designed as an extension of Keynesianism on the global scale.<sup>33</sup> Like the UN, it too helped lend weight to the idea that all members of the international community must enjoy equal rights.

Launched by the USA in 1947, the Marshall Plan was undeniably another contributing factor in the creation of the development assistance regime. This postwar episode can be interpreted as a left-wing victory inasmuch as it demonstrated how an economic policy inspired by interventionist internationalism could be beneficial for all. 'With the Marshall Plan', Arturo Escobar explains, 'the general interest of society seemed to have taken primacy over the interest of particular investors or nations'.<sup>34</sup> Between 1948 and 1952 the Marshall Plan brought about transfers of US\$13 billion, an amount equal to more than 2% of the USA's GNP.<sup>35</sup> The generosity of the USA seems all the more exceptional when one realises that that country presently allocates barely 0.1% of its GNP to foreign aid. It has been said of the Marshall Plan that its 'success ... exceeded even the wildest hopes of its proponents'.<sup>36</sup> Given the objectives of this article, it is particularly important to emphasise that the Marshall Plan made possible the constitution of 'a body of operating principles and procedures that remain an integral part of the aid regime'.<sup>37</sup> Today the Marshall Plan occupies a central position among the Left's collective images and, not surprisingly, those arguing for an increase in aid to the Third World still hold it up as a model to be emulated.

*The institutionalisation of the aid regime (1950–70)*

Having grown out of Left-wing ideas, foreign aid was put into practice by the Right, in whose hands it quickly became a policy instrument to fight against communism. This orientation began to take shape from the moment the USA established its initial Third World assistance programme. As specified in the Point IV of President Truman's 1949 inaugural address, US aid was restricted to states of the 'free world', the euphemism used to designate non-communist countries. Development assistance was thus gradually made subservient to the strategic interests of the major powers and to their involvement in the Cold War.<sup>38</sup>

Until 1955 about 90% of the aid from the developed countries was provided by three countries alone: the USA, the UK and France. The USA used it as an instrument of containment; the UK and France turned it into a substitute for colonial domination. US foreign aid was targeted towards a group of countries located on the periphery of the Sino-Soviet bloc.<sup>39</sup> Taiwan and South Korea were particularly pampered. For example, between the end of the Korean War and the early 1960s, annual aid to South Korea—most of which, by far, was American—amounted to 8% of that country's GNP.<sup>40</sup> The struggle against communism also explains why the Cuban Revolution in 1959 triggered a sharp increase in US aid to Latin American countries. In France, development co-operation was confined essentially to the French-speaking *pré carré*, while the bulk of British aid resources went to Commonwealth members. Thus, development assistance was used by these two countries to maintain their positions as world powers at a time when their status was being eroded by the progressive dismantling of their empires.

Although some international initiatives taken between 1950 and 1970—such as the creation of the UNDP in 1965—were spearheaded by the Left, the creation of the International Development Association (IDA) in 1960, and of the OECD's Development Assistance Committee (DAC) in 1961, provides further evidence that right-wing principles prevailed during that period.<sup>41</sup> Both organisations helped concentrate the decision-making power of the aid regime in the hands of the developed countries. Throughout the 1950s, it should be remembered, the developing countries called for the creation by the UN of a financial institution dedicated to development. The rich countries, headed by the USA, opposed the project, refusing to set up a financial body where decisions would be made on the basis of the UN principle of sovereign equality. Following years of negotiations, the IDA was a compromise solution in favour of the developed countries. The IDA did confirm the transformation of the World Bank from a reconstruction agency into a development organisation.<sup>42</sup> Yet it remained bound by the World Bank's voting rules, which meant keeping it under the control of the main sponsors.<sup>43</sup>

The DAC further consolidated the asymmetrical power structure on which the aid regime was founded. From the viewpoint of the developed countries, this body has been indispensable for collecting data, defining standards, making evaluations and carrying out research.<sup>44</sup> More fundamentally, however, it must be acknowledged that as a 'donors' club', the DAC has promoted discussions within an exclusive circle, and without the participation of Third World representatives. By virtue of its mode of operation, the DAC has clearly put limitations on the

principle of a North–South partnership in aid policy making.

Finally, the development model promoted through foreign aid during the 1950s and 1970s coincided with the values advocated by the Right. According to the dominant discourse of the times, economic growth would satisfy the social needs of Third World populations.<sup>45</sup> With the emphasis on infrastructure improvement, foreign aid was used for the construction of roads and dams. The assumption was that the trickle-down effect would eventually allow the poor to benefit from the fruits of development. But in fact the failure of this strategy resulted in the aid regime being seriously questioned in the 1970s.

*The aid regime called into question (1970–80)*

The 1970s were deeply marked by the debate on the establishment of a New International Economic Order (NIEO). The most crucial event in this debate was without a doubt the UN General Assembly's unanimous adoption in 1974 of a Declaration calling for a substantial reform of the international trade and finance systems. Even though the negotiations on the NIEO produced almost no results, the 1970s were nevertheless a period of unprecedented dialogue between the countries of the North and South. The very spirit of this dialogue, centring on proposals often associated with Marxism, was more in tune with the values of the Left than with those of the Right.<sup>46</sup>

The debate on the NIEO fostered a renewal of the international aid system. One important facet of this renewal stemmed from the vitality of the social-democratic policies of the small North European countries, the so-called 'like-minded' countries. By meeting and then exceeding the UN target of dedicating 0.7% of GNP to development co-operation, Denmark, Norway, the Netherlands and Sweden helped raise the standards for evaluating international generosity.<sup>47</sup> The 1970s were also a time when the past results of assistance were methodically re-evaluated. A consensus was reached around the idea that Third World development posed a challenge incomparably greater than the reconstruction of Europe after the Second World War. In addition, it was recognised that the trickle-down process predicted by the theory of modernisation had not materialised, and that only an elite had profited from the initial phase of foreign aid. This critical reappraisal paved the way for a new approach towards aid: the basic needs strategy. The work of Hollis Chenery and Paul Streeten, both associated with the World Bank, contributed mightily to this intellectual revolution. The former emphasised the need to reconcile the objectives of growth and social equity.<sup>48</sup> The latter drew attention to the notion that development assistance should concentrate 'on the nature of what is provided rather than on income'.<sup>49</sup>

Several international institutions, including the World Bank, the UN, the ILO and the OECD, took part in the promotion of the basic needs strategy. Among those organisations, the World Bank was the driving force, thanks to the magnitude of its resources. From the start of the decade, a growing proportion of the World Bank's resources was allocated to rural development and subsistence agriculture.<sup>50</sup> This change of direction hardly needed to be justified: the majority of the Third World's population lived in rural areas, and agriculture had been neglected by previous aid programmes. At the same time, the notion of basic

needs advocated by the World Bank was not restricted to agriculture alone. Many of the Bank's projects were based on an integrated approach, and addressed a broad range of social needs relating to food, health, education and housing.

In spite of its laudable objectives, however, the basic needs strategy has generally been considered a failure. Various explanations have been offered to account for the disappointing results. First, no consensus ever existed on the very definition of basic needs.<sup>51</sup> Moreover, the policy was largely limited to multi-lateral institutions, since patterns of bilateral aid allocation were not substantially altered.<sup>52</sup> Finally, it has been noted that the developing countries themselves showed a lack of enthusiasm, apparently because of their perception of the strategy as 'an effort to sidetrack the NIEO issue'.<sup>53</sup> Under such conditions, the basic needs approach was not likely to succeed. Yet its impact on the international agenda was such that the 1970s were said to have been, albeit briefly, the era of dependency theory.<sup>54</sup>

### *The neoliberal revolution (1980–90)*

The 1980s marked another turning point in the history of development assistance. Driven by the neoliberal revolution and a revival of the Cold War, this decade witnessed a powerful resurgence of the Right. It should be recalled that the 1980s began with the most severe recession of the postwar period, and the rise of protectionist and monetarist policies throughout the developed world. One effect of these policies was to exacerbate the debt load of the Third World, which swelled from US\$639 to US\$1341 billion between 1980 and 1990.<sup>55</sup> In this climate of crisis, structural adjustment programmes monitored by the IMF and the World Bank became the only possible development model, as well as the prerequisite for obtaining foreign aid.<sup>56</sup>

Structural adjustment was founded on two complementary principles: 'scaling down the role of the state and strengthening that of the market in the economy'.<sup>57</sup> In practical terms, policy reforms involved reducing public spending, liberalising trade, devaluing currencies, restricting credit and promoting free enterprise. Throughout the decade, the international financial institutions (IFIs) justified their rigid application of structural adjustment policies with two main arguments. First, for the IFIs, the difficult financial situation of the developing countries was the result of their poor economic management rather than of causes related to their external environment. Second, the IFIs viewed the structural adjustment solution as a matter of common sense: development of any kind was impossible without getting the macro-economic fundamentals right. In an environment dominated by the needs of the market, the very concept of aid was subject to modification.<sup>58</sup> As Roger Riddell explains, until then, the debate on international aid had focused on how it might foster the process of development; in the 1980s, the question became how aid might contribute to the process of adjustment. More and more, development assistance served 'to provide some slack to cushion the often severe negative effects resulting from the contraction that takes place during the adjustment process'.<sup>59</sup> To quote Colin Leys' terse account of the upheaval of the aid agenda in the 1980s, 'even basic needs [had to be] sacrificed'.<sup>60</sup>

The hegemony of the Right during the 1980s was not, however, absolute.

Opposition to IFI policies was nurtured by a decline in living standards in many parts of the Third World. Indeed, between 1980 and 1989, the majority of countries in Africa, Latin America and West Asia experienced a drop in the per capita GDP.<sup>61</sup> The Left articulated particularly harsh criticisms regarding the social consequences of structural adjustment. A Unicef study published in 1987 and promoting 'adjustment with a human face' constituted a watershed in the debate.<sup>62</sup> This study brought to light how the application of fiscal discipline in developing countries entailed devastating cuts in social services such as health and education. It also identified the primary victims of structural adjustment as the most vulnerable groups, especially children and women. From that moment on, the IFIs and the donor community began to be somewhat more attentive to the effects of adjustment on poverty. However, what came to be called 'the adjustment of structural adjustment' would not genuinely take shape before the 1990s.<sup>63</sup>

The criticism from the Left was expressed for the most part by NGOs, whose power had steadily increased over the course of the decade. Aside from the structural adjustment issue, NGOs also played a leadership role in the emergence of new priority areas, such as the environment, women and the promotion of human rights. Within each of these areas, thanks to their ability to mobilise citizens and the quality of their expertise, NGOs succeeded in influencing donors' policies.<sup>64</sup> Yet, notwithstanding its remarkable impact, the rise of the NGOs remains a secondary feature in the overall portrait of a decade characterised in the main by Reaganism and Thatcherism.

### *The return of the pendulum (1990–)*

Since the beginning of the 1990s, the aid regime has entered a new stage in its history. For Olav Stokke, the current period is one in which 'the pendulum has swung towards human development concerns'.<sup>65</sup> Clearly, the extent of this turn should not be overstated, for many of the fundamental tendencies of the 1980s persist. Nevertheless, although neoliberal ideology has maintained its hegemony, the forms of its domination have been transformed.<sup>66</sup> It might be said that the 1990s witnessed the fusion of the priorities of the two previous decades. The macro-economic emphasis of the 1980s has been preserved along with the re-introduction of the human-orientated goals of the 1970s. Thus, while it continues to emphasise the need for market-based policy reforms, the new aid agenda is more attuned to the political and social setting in which such reforms are to be carried through. No matter how one measures its true impact, there can be no doubt that the new discourse supporting sustainable development leans a little farther to the left than the previous discourse, entirely focused on adjustment.

In recent years international aid has remained biased in favour of those developing countries that adopt market-friendly economic policies. But the donor community has gradually come to understand that macro-economic discipline does not suffice to effectively reduce poverty. In 1996 this more social view was laid down by the OECD in an ambitious policy statement entitled *Shaping the 21st Century: The Contribution of Development Co-operation*.<sup>67</sup> Based on the conclusions of the many UN conferences held during the 1990s, this document

pinpointed three priority areas for intervention—poverty reduction, social development and the environment—and set specific objectives to be achieved by 2015. The most important of those objectives are to reduce by half the proportion of people living in poverty, to ensure primary education for all, and to reduce by two-thirds the infant mortality rate in developing countries. The OECD policy statement furthermore introduced qualitative goals such as ‘capacity development for effective democratic and accountable governance, the protection of human rights and respect for the rule of law’.<sup>68</sup> Thus, one of the features of contemporary development aid is to increasingly emphasise ‘software’ rather than ‘hardware’.<sup>69</sup>

In a number of respects, *Shaping the 21st Century* represented a first in the history of aid. Never before had donors agreed on so global an action programme. Never before had a strategy of international assistance enjoyed political support on so high a level.<sup>70</sup> And never before had NGOs had such an influence on the elaboration of government policies. This influence is naturally regarded as ‘a sign of progress’ by NGOs,<sup>71</sup> which are encouraged by the North’s new interest in matters like poverty reduction, basic social services, gender equity and participatory development. The prevailing winds of change have been felt within the very walls of the World Bank, whose analyses now, as never before, recognise the multi-dimensional nature of poverty and the central importance of poverty alleviation for a sound development strategy.<sup>72</sup> With its acknowledgement that ‘the developing country is the essential agent for organising co-operation efforts’, and that ‘there is no room for paternalistic approaches’,<sup>73</sup> the donors’ official policy has moved considerably closer to the values traditionally upheld by the Left.

Beyond the discourse, however, the true significance of the changes that took place over the past decade or so is still difficult to assess. Indeed, while a broad consensus exists concerning the objectives to be pursued, many critics argue that development assistance is currently facing an unprecedented crisis.<sup>74</sup> Even the possibility of an end to aid is frequently being raised.<sup>75</sup> The present crisis is ascribed first and foremost to budget reductions: between 1992 and 1997 international aid from developed countries decreased by 21%, the sharpest decline since the creation of the DAC. In 2000 the ODA/GNI ratio for all DAC members stood at 0.22%, a far cry from the international target of 0.7% and well below the general trend of the past 20 years.<sup>76</sup> For the Third World the decline in foreign aid is all the more disappointing as the end of the Cold War had sparked hopes that peace dividends might be reaped for development.<sup>77</sup> In fact, the countries of the North never gave that scenario a chance.

Beside the question of available resources, the Left identifies three major problems which, though not new, have significantly undermined the effectiveness of the aid regime since the early 1990s. First, in spite of an ever more sophisticated rhetoric, the developed countries devote few concrete efforts to poverty alleviation. In 1998 basic education and health care, respectively received 1.4% and 1.7% of all foreign aid.<sup>78</sup> Furthermore, the assistance given to the group of the 48 least developed countries has been on the decline. One disturbing consequence of this situation is to put in doubt, just a few years after it was enunciated, the objective of cutting poverty in half by the year 2015.<sup>79</sup>

Second, development assistance is not embedded in an overarching vision of

development that would take into account the fact that the Third World is also affected by the policies of the developed countries in the areas of commerce, finance, agriculture, the environment and immigration.<sup>80</sup> This problem of aid coherence appears especially acute when one considers the effects of the trade policies of the countries of the North. The protectionism of the developed countries entails an annual cost of around US\$100 billion for the developing countries, that is, much more than the total volume of aid. In the agricultural sector alone, it is estimated that the trade policies of the rich countries generate losses of \$20 billion a year in export earnings for the Third World.<sup>81</sup> In short, it seems increasingly evident that the benefits of aid can be neutralised by the deleterious consequences of other policies.

Third, international co-operation policies are ever more subordinated to a development model which corresponds to the interests and values of the developed countries.<sup>82</sup> Too often the aid regime seems to function on the basis of the rule, 'the West knows best'. In line with this logic, the economic conditionality of the 1980s has now been compounded by measures of political conditionality.<sup>83</sup> IFIS, in particular, increasingly seek 'to reconstruct in the minutest detail the functioning of governments'.<sup>84</sup> Introduced from above, and without systematic consultation with the developing countries, political conditionality distinctly contravenes the principle of ownership that the donors themselves have recognised as necessary for the success of aid. Struck by this contradiction, some observers have concluded that the concept of ownership was, in the end, only 'another donor "hoop"' through which governments of the South were asked to jump.<sup>85</sup>

As one can see, the rebirth of the Left in the recent history of the aid regime is a phenomenon requiring a good deal of circumspection. The neoliberalism of the Clinton years was somewhat softer than the neoliberalism of the Reagan period, a difference which did not fail to be reflected in assistance policies, but the extent of the progress achieved in developing countries remains highly moot. In any case, at this early moment in the 21st century, the future direction of foreign aid continues to be at issue. The election of Republican George W Bush as President of the USA and the terrorist attacks of 11 September 2001 may very well allow the Right to impose a new approach whereby, in accordance with a cold war type of logic, aid would increasingly be seen as a mere component of the security policies of the rich countries. Whether or not that scenario is eventually borne out, and in spite of the confusion of the current international situation, the fact remains, as Benjamin Barber has recently suggested, that the Right–Left opposition still constitutes an indispensable conceptual road map for the understanding of North–South relations.<sup>86</sup>

### **A struggle between two world views**

Not only does it shed new light on the definition and history of development assistance, but the Right–Left division also makes it possible to describe two world views around which the whole aid debate has been constructed. Effecting such a description, however, is by no means trouble-free. First, it needs to be pointed out once again that to refer to a right- or left-wing world view is to

appeal to an ideal type that does not exist in reality. As evidenced by the history of organisations as huge as the World Bank or the UN, right- and left-wing ideas are often intertwined in the discourse and practices of political agents. Second, notwithstanding their oppositions, there are similarities between the views of the Right and those of the Left. In the 1960s, for instance, the Left put forward a concept of development that focused on industrialisation almost as heavily as the one advocated by the Right. More recently, the Left has moved unmistakably closer to the Right in its appraisal of the role of the state in the economy. Other issues as well, such as the link between aid and the maintenance of corrupt regimes, have given rise to comparable analyses from the Left and Right. Faced with so many points of convergence, one scholar has noted that at various times, 'Right and Left, free marketers and socialists, could thus meet in condemning aid'.<sup>87</sup>

With all its limitations, the Right–Left divide nevertheless provides an effective frame of reference from which to apprehend the contrasting viewpoints that structure the debate on development assistance. To a large extent, these viewpoints parallel the reformist–transformist distinction that has been proposed by Caroline Thomas in a recent study on the 'globalisation of the Third World'.<sup>88</sup> Briefly put, the right- and left-wing interpretations of aid bring together two types of arguments: moral principles and a cost–benefit analysis of results. In general terms, the Right is more concerned with the issue of results, whereas the Left places more emphasis on moral principles. Without aiming to account for every detail, one might summarise their respective positions as follows.

The Right acknowledges that development assistance is a foreign policy tool that can be useful as either a carrot or a stick.<sup>89</sup> But it holds that the fight against poverty ultimately is a duty incumbent upon each state, not on the international community. Seen from this viewpoint, aid is often considered inefficient. In particular, the Right points to the fact that aid has no clear effect on growth or on the policies of developing countries.<sup>90</sup> The explanation given is that, like any state intervention in the economy, aid distorts markets and creates a climate of dependency that inhibits entrepreneurship. Furthermore, development assistance is said to be a source of waste inasmuch as it allows countries to obtain modern equipment they often do not need. Finally, the Right frequently links the failure of aid to poor management by non-democratic governments hostile to Western values.<sup>91</sup>

In recent years the Right has endeavoured to prove the inefficiency of development assistance by contending that it had not been used in the proper conditions. According to Fieldhouse, 'aid could do little if the recipient countries rejected the price mechanism and the case for free trade and export-led growth, and continued to believe that government controls on virtually all economic and social matters were essential to relieve poverty'.<sup>92</sup> In support of this position, a major World Bank report concludes that developing countries with 'mediocre' policies receive more financial aid than those with 'good' policies.<sup>93</sup> For the Right, this situation is plainly unacceptable. It seems urgent that the allocation of aid be more selective and directed more towards those countries where political and institutional reform is well under way.

The inefficiency of foreign aid is, for the Right, a problem far more serious

than its volume, deemed too meagre by the Left. This assessment, for example, stands out clearly from the World Bank report referred to above, which underscores the fact that ideas at times do more to foster development than money.<sup>94</sup> Since the early 1990s, the Right's concern with the optimal use of aid resources has been reflected by the introduction of new administrative practices in the donor countries. In order to increase their accountability, a number of aid agencies are adapting their corporate cultures to new, 'results-based' management systems.<sup>95</sup> The Right feels all the more justified in insisting on the quality of aid policies rather than on the quantity of available funds, as it believes development assistance is less and less needed. The OECD refers openly to the 'nascent transition towards private developing financing'.<sup>96</sup> Given these new circumstances, the Right can feel satisfied that the 0.7% objective is now being reconsidered.<sup>97</sup> In the final analysis, the Right's vision of development assistance is inextricably bound up with its general distrust of the state. Regarded as a necessary evil, aid is often reduced to an expression of the developed countries' sense of charity. It seems then only natural that those countries should be the ones to determine the rules governing aid.

The Left's reading of the history of development assistance is quite different from that proposed by the Right. The Left starts from a principle that Roger Riddell has boiled down to a few words: 'aid is a moral issue'.<sup>98</sup> Based on this view, the wealthy countries are ethically obligated towards the poor countries. The Left, moreover, emphasises that the benefits of assistance are relatively large in proportion to the costs. Yet it feels concerned by the inadequate level of aid. As defined here, the position of the Left comes close to the ideology which Cranford Pratt and Olav Stokke have labelled 'humane internationalism'. In its North-South dimension, humane internationalism is indeed predicated on 'the acceptance of an obligation to alleviate global poverty and to promote economic, social and political development in the South'. Humane internationalism also embraces 'a conviction that a more equitable world would be in the best long-term interest of Western, industrial nations'.<sup>99</sup> The Left's attitude regarding development assistance is largely conditioned by the similarities it perceives between the domestic order and the international order. Aid is seen as an extension of the responsibilities of the welfare state on the global stage. Its *raison d'être* stems from the fact that market mechanisms do not make it possible to achieve an optimal allocation of resources and that state intervention is required to provide the most vulnerable groups with a safety net.

For the Left, development co-operation has contributed to a good deal of the progress made in the countries of the Third World in areas such as 'the green revolution, the fall in birth rates, improved basic infrastructure, a diminished prevalence of disease and dramatically reduced poverty'.<sup>100</sup> In an important study, Robert Cassen broadens this positive evaluation with the conclusion that 'the majority of aid is successful in terms of its own objectives'. Cassen adds that 'over a wide range of countries and sectors aid has made positive and valuable contributions'.<sup>101</sup> It is true that part of the Left looks upon development assistance much more critically. Aid is sometimes accused of fostering the 'maldevelopment' of the Third World.<sup>102</sup> Nevertheless, few observers associated with the Left have called for an interruption of aid flows. The vast majority of them recognise

that the populations of the Third World would be the first to suffer from such a situation. Furthermore, although they believe aid is too closely tied to donors' interests, most critics of the Left entertain the hope it can be improved.<sup>103</sup>

Thanks to the popular base the NGO community provides it with, the Left enjoys a wider political visibility and is more vocal than the Right. This largely explains why, in the above analysis of the contemporary period, the concerns of the Left—regarding, among other things, the volume of aid, its use for poverty reduction, and its place within the overall foreign policies of the developed countries—have been given a higher profile. Beyond those specific issues, however, the main challenge currently faced by the Left consists in showing that, even in an international environment dominated by market forces, aid is still warranted. In the ongoing debate the Left emphasises the widening gap between rich and poor caused by globalisation.<sup>104</sup> From 1960 to 1997, it is recalled, the ratio between the wealthiest 20% and the poorest 20% of the world's population rose from 30:1 to 74:1.<sup>105</sup> The Left also notes that at the turn of the year 2000 almost three billion people were living on an income of US\$2 a day or less.<sup>106</sup> Such problems, the Left argues, cannot be corrected with *laissez-faire* economics. In Kofi Annan's words, 'the private sector, as vital and dynamic as it is, cannot by itself give global markets a human face or reach the millions on the margins'.<sup>107</sup> For the Left, development assistance is vital in order to ensure a minimum of global justice. From this perspective, it seems legitimate to expect the entire international community to take part in defining the operational mechanisms of aid.

The Right–Left division makes it possible to describe the state of the aid debate in a parsimonious way. Although there may be the occasional resemblance, the positions of the Right and the Left derive from lines of thought and respond to interests and political forces that are deeply divergent. Briefly stated, the Left is generally more favourable than the Right to development assistance because it sees in such aid an effective instrument for promoting greater international equality.

### Conclusion

The aid regime is a complex international institution which, over the years, has experienced a number of transformations. Most of these changes, however, can be made sense of only if they are relocated within the ideological environment that spawned them. That insight has made it possible here to examine foreign aid in an innovative manner, whereby its evolution has been shown to be characterised by an ongoing conflict between the Right and the Left. Considering that the notions of Right and Left refer to a continuum rather than discrete realities and that, in addition, their meanings have varied through space and time, one could no doubt object to our interpretation on grounds of reductionism. This is a common liability of arguments developed in terms of ideal types. Ultimately, however, using the Right–Left distinction as a conceptual road map to understand development assistance offers many more advantages than drawbacks. Indeed, the Right–Left division has made possible an analysis of aid that is at once systematic, solidly rooted in political reality, and less mechanical than the realist,

liberal, and neo-Marxist interpretations that have traditionally dominated the field of international relations.

Looking beyond this specific study of foreign aid, it is important, by way of conclusion, to emphasise that few international phenomena—be they economic, social, environmental or security issues—are exempt from the Right–Left opposition. Yet, despite its manifest descriptive capabilities, the Right–Left distinction has until now received very little attention from students of international relations. It is hoped that this omission may one day be corrected. Among the likely benefits that introducing the terms Right and Left would bring to international relations theory, three are worth underscoring. First, these terms could help improve the dialogue between the fields of comparative politics and international relations. Second, they would provide a conceptual bridge linking the positive and normative dimensions of the analysis of international processes. Above all, however, they would open the way to making the language of the experts less cryptic for the ordinary citizen.

## Notes

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