

THREE

BOOK REVIEW OF CAROL LANCASTER'S FOREIGN AID: DIPLOMACY, DEVELOPMENT, DOMESTIC POLITICS

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Why do governments give foreign aid?

In 2007, the answer seems clear: aid is given to help poor countries become wealthy. Campaigns to “make poverty history,” the Doha “development round” of WTO talks, and Gordon Brown’s “Marshall Plan for Africa,” all imply that foreign aid exists as a means of helping the world’s poorest people escape the ravages of poverty.

The history of aid, however, is far more complex than today’s rhetoric suggests. As Carol Lancaster explains in *Foreign Aid: Diplomacy, Development, Domestic Politics* (University of Chicago Press, 2007), bilateral aid has served a multitude of often conflicting purposes in the last sixty years. There is, in fact, no single clear-cut answer to why governments provided aid in the past or why they continue to do so today.

Lancaster’s book is somewhat of an anomaly in the recent discussion of foreign aid, which has focused almost exclusively on income transfers from wealthy to poor countries for development purposes. It is a positivist, historical exception in a field dominated by prescriptive titles; she seeks to explain what has been, not what should be. Rather than offering massive aid-based development plans as exemplified by Jeffrey Sachs’s *End of Poverty*, or explaining why such plans are futile as in William Easterly’s *The White Man’s Burden*, Lancaster takes an objective, qualitative look at how foreign aid has evolved.

Lancaster’s research is based on case studies of the bilateral foreign aid programs of five countries: the United States, France, Germany, Denmark, and Japan. Each case study stands on its own as a brief but satisfying account, and Lancaster effectively highlights why the aid programs, bureaucracies, policies, and norms of each country in question have taken the paths that they have.

Lancaster argues that the idea of aid began in earnest as a *realpolitik* diplomatic tool in the early days of the Cold War (although she identifies some instances of humanitarian and colonial aid dating to the nineteenth century). Modeled after the small, limited humanitarian programs for “underdeveloped countries” run by the Scandinavian states, the United States and European countries began similar programs to fight the spread of communism by supporting strategic allies like Greece, Turkey, and India. Similarly, the Soviet Union used aid to advance its geopolitical goals, giving three quarters of its aid to communist developing countries including North Vietnam, North Korea, and Cuba.

However, as is often the case, a policy designed to solve one problem came to serve another purpose entirely. Foreign aid was not created to meet humanitarian concerns, nor was it intended to be a permanent policy fixture. In the 1940s and 1950s, there was no norm that governments of wealthy nations were morally obligated to give money to poorer countries simply by virtue of the fact that they were poor. But by the middle of the 1960s, with foreign aid as a key *realpolitik* arrow in both the western and Soviet quivers, most wealthy countries had permanent aid bureaucracies in place. Aid was here to stay.

Worldwide economic unrest in the 1970s and 1980s, and famine in several African countries reinvented aid as a system to meet the “basic human needs” of the poor. Aid still served important diplomatic and commercial ends, but the rhetoric had turned to humanitarian purposes. Even as famines subsided, bilateral aid budgets remained high. By this point, non-governmental organizations (NGOs) had become serious players in the aid community and domestic constituencies were advocating bilateral aid increases.

After the Cold War, the focus of aid shifted to development, concentrating not only on alleviating the symptoms of poverty, but helping poor countries move toward prosperity. To be sure, this tendency had been a focus of aid since the 1950s, but only in the post-Cold War era did it become the driving purpose. A number of causes with questionable affiliations to economic growth latched onto the development moniker, such as democratization, post-conflict resolution, and global public goods provision, but aid was clearly focused on using funds to attempt to permanently better the human condition in poor countries, following what Lancaster identifies as a new international norm.

For aid practitioners dealing with the effects on geopolitics and economic growth, Lancaster’s book is an excellent study in how we came to understand aid as we currently do. Too frequently, analysts and practitioners take for granted that a program or policy intervention was originally designed to fulfill its current function. It is also vital to identify what we hope aid accomplishes if we are to make any meaningful judgments about its successes and failures. Understanding the intellectual and political histories of foreign aid – and the path dependency issues that impact the institutions and ideas behind it – is necessary to analyze current and future aid policies.

The differences between the five countries in Lancaster’s study are critical to understanding how aid programs and their intents differ between donor countries. For instance, Lancaster effectively explains how Japan’s traditionally weak civil society sector failed to engage governments throughout a time when NGOs had become major players in the United States and Europe. Similarly, she details how and why French aid has traditionally gone largely to Francophone

countries for support of cultural and diplomatic ends in the *sotto voce* battle against an aid world led by *les anglo-saxones*. The identification and explanation of the cultural contexts of aid are an important contribution to the foreign aid literature.

The major deficiency in Lancaster's study is her oversimplification of the formal political process and a reliance on electoral blackboard models with little real-world explanatory power. For instance, she contends that the representational parliamentary structure allows minor parties focused on foreign aid to enter coalition governments and push their agendas. While an interesting theory, she offers scant evidence of aid-based parties or the effects of aid on popular voting patterns. It is difficult to believe that voters care that deeply about foreign aid, much less know how aid dollars are actually spent or understand the intricacies of post-intervention program evaluation. Even during highly publicized humanitarian disasters like the 1980s Ethiopian famine, how many people actually voted on aid levels or effectiveness rather than on pocketbook issues or broader philosophical agreements with candidates or parties? Celebrities and NGOs may affect news coverage and elites' agendas, but it does not follow that this impacts electoral politics.

By explaining the support for aid through voter preferences, Lancaster overlooks or treats too kindly the myriad special interests that benefit from aid and the bureaucracy charged with dispersing it. For instance, the consulting firms that manage to keep the majority of America's anti-malaria budget inside the United States (less than ten percent is spent on actual malaria-prevention interventions) receive scant attention, and Lancaster plays down the artificial domestic constituencies that USAID and its friends in Congress have carefully cultivated over the previous decade.¹ Similarly, Lancaster acknowledges but does not fully explain, the ways in which French social elites and Japanese business elites have helped craft aid policies as organs of cultural and commercial hegemony, respectively.

All of this points to an underlying, though understated, conclusion: aid is used for so many different purposes, is meant to satisfy so many diverse constituencies, and is so embedded within the cultural contexts of donor countries, that simple comparisons about the quantity of aid or statements about aid effectiveness are unhelpful. Attempts to measure the success of aid will suffer if the real purposes of aid are not understood, and program evaluation is impossible without clear and recognized programmatic goals. As it stands, policy analysts and practitioners frequently do not know what outcomes they are measuring, but Lancaster's work opens an important conversation about the real purposes of aid.

In a time when discussion of foreign aid is almost completely centered on development and economic growth, Lancaster offers a helpful and thoughtful retrospective account of sixty years of aid practices and a useful study on the question of how we got to the norms, bureaucracies, politics, and institutions that govern foreign aid today. For academics and practitioners alike, Lancaster's study offers a compelling narrative for understanding why governments give aid, how it is done, and what it is expected to accomplish.

ENDNOTES

¹ Steven Radelet touches on some of these issues in the opening pages of “Challenging Foreign Aid: A Policymaker’s Guide to the Millennium Challenge Corporation” (Washington, DC: Center for Global Development, 2003). See also: William Easterly, “The Cartel of Good Intentions: Bureaucracy Versus Markets in Foreign Aid,” May 2004, Center for Global Development Working Paper No. 4. A 2006 expose in the New York Times revealed some of the public choice problems to a broad audience: Celia W. Dugger, “US Jobs Shape Condom Policy,” *New York Times*, 26 October 2006, online at <http://www.nytimes.com/2006/10/29/world/29condoms.html?ei=5088&en=4faae18db5f6e6c6&ex=1319774400&partner=rssnyt&emc=rss&pagewanted=print>.