

Foreign Aid

John Hyde

Mr Malcolm Fraser wants to become Secretary General of the Commonwealth. If elected, he will enjoy prestige and an enviable lifestyle. The job itself has a lot going for it, but has the Commonwealth? Its general uselessness is emphasised (yet again) by the fact that accession to its top post will depend upon the votes of the rulers of nations such as Ghana, Nigeria, Zambia, Tanzania and Uganda---that is, upon men who preside over basket-case economies and who have, on occasion, shown scant respect for the civil rights of their own people.

The Commonwealth has few responsibilities. What then, one should ask, is its purpose, if not to advance the liberal values and habits which have given liberty and prosperity to so many who have inherited the British tradition of limited democratic government? What future has it, if to gain appointment, a Secretary General must suck up to rulers who tend to honour liberal values and practices more often in the breach?

One cannot but suspect that the rulers of some African member States see the Commonwealth as no more than a stick with which to beat South Africa, and as a source of so-called foreign aid. The stick might have purpose if those who wielded it had a better human rights record than South Africa. But as it is, their indignation, like that of the rulers of Communist states, serves to reduce the effect of criticism of South Africa by Australians and others whose practice entitles them to criticise.

Foreign aid is often worse for Africans than the hypocrisy. It nourishes governments which starve (and sometimes murder) the African under-privileged.

Most foreign aid is government-to-government subsidy. The recipient governments have no effective mechanisms to channel this aid to their poorest people. Instead it is employed to build elaborate capital cities, subsidise prestigious industries such as airlines, better equip armies and finance patronage.

Lord (P. T.) Bauer is the world's premier expert on the effects of aid---an assessment which would, no doubt, be hotly

disputed by all aid-giving and aid-receiving bureaucracies. For many years Lord Bauer has pointed to the damage done by some forms of foreign aid to the very people it is supposed to help. In October, The Centre for Independent Studies is to bring him from Britain to lecture in Perth, Melbourne, Sydney, Auckland, Christchurch, Brisbane and Port Moresby.

To establish the net effect of foreign aid we must determine whether Commonwealth rulers like Nyerere, Nkrumah and Obote could have retained power for as long as they did without the aid which paid for their patronage and purchased their arms. Might not most of the people in their countries have benefited from an end to forced socialisation of their economies, the suppression of minorities, and one-party dictatorship? In short, has not subsidising political thugs harmed ordinary people?

It is ironic that Western Governments which knowingly injure whole populations---with tariffs, import quotas and, in the case of South Africa, trade sanctions---direct their aid to governments. (The private aid agencies tend, in general, to have more sense.) In some cases, such as with textile import quotas, the intended punishments do considerable damage to third world living standards. Arguably the intended rewards do as much. Government-to-government aid which is too small to much effect living standards directly, even if it were to be passed on to the populace, can, nevertheless, keep a government that does not bother unduly with elections in power.

By propping up governments which might otherwise fall, aid has made the politicisation of life in many so-called third world countries inevitable. And politicisation has degraded life there, just as it has in the Communist and Islamic utopias.

Does Government aid always fail? Probably it never does much good, but success or failure in the recipient nations depends not directly upon the aid but upon what the nations themselves do. Although the overall picture of sub-Saharan Africa is dismal, not all countries have done equally badly. The Ivory Coast has done much better than Ghana, for instance. And on the other side of the continent, Kenya is in much better shape than Tanzania. The relative successes of the Ivory Coast and Kenya are readily traced to greater willingness to allow market prices, instead of marketing boards, to guide exchange and to the protection by the government of life and property.

Should Mr Fraser be appointed, and if he is interested in turning the Commonwealth into something useful, he should publicise the lessons to be gained from critical comparison of the economic, political, legal and social performances of the Commonwealth's member nations. He would, of course, be putting a cat among, say, Mr Nyerere's pigeons. He can afford to leave South Africa on the back burner knowing that it will mend its ways more quickly if the countries near it become free and prosperous and if its critics are credible.

There is, moreover, one Commonwealth aid recipient which should be of particular interest to Mr Fraser---Papua New Guinea. Most of its aid is government-to-government aid---from Australia. Unlike most African states, PNG has retained democracy. Indeed, in spite of recent riots in Port Moresby and troubles in Bougainville, its democracy seems reasonably robust. The PNG government also is relatively liberal. By African (and Australian) standards the PNG economy has been well managed and living standards are rising. PNG has even avoided outright abuse of its major donor in forums such as the United Nations. Why? And will it last?

What will Lord Bauer say about Australian aid to Papua New Guinea?

John Hyde is Executive Director of the Australian Institute for Public Policy.

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