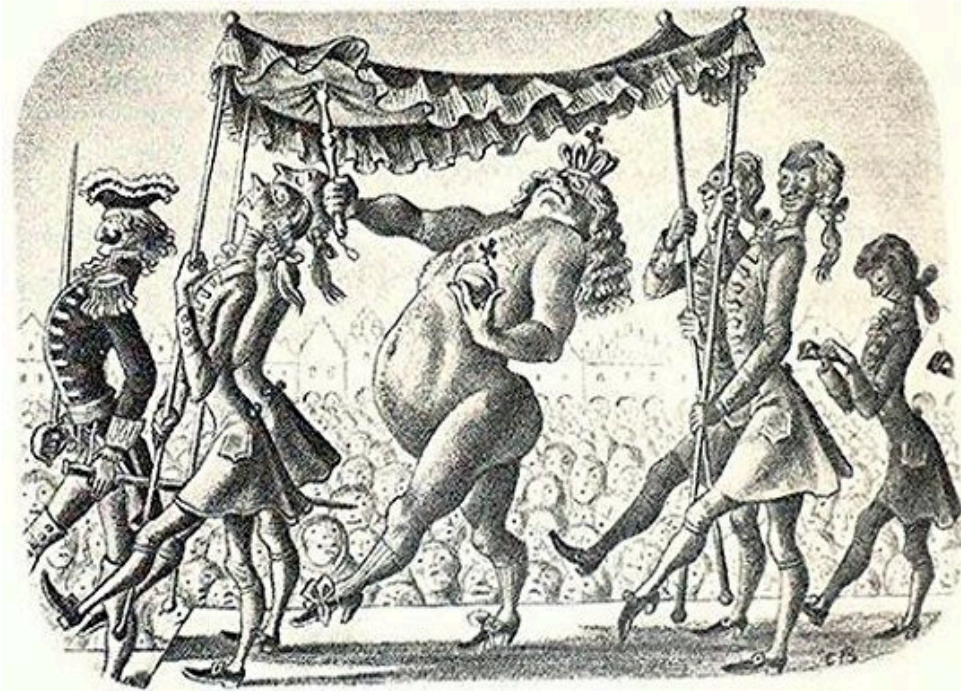


# Die keiser is kaal: hulpelose ontwikkelingshulp



die staat is nie in  
staat nie...

Johannes Wessels

# NB

This presentation deals with **public sector development aid**: whether through bi-lateral country to country agreements or by international agencies (UN, Bretton Woods institutions, OECD)

# Key contours

- Did the empires of old engage in development aid? And colonialism?
- The growth of Aid and where it flows to
- Key concepts of Aid: its language & cornerstones
- The historical & economic philosophical roots of contemporary Development Aid
- Top Down vs Bottom Up
- Mutations since the 1980s
- Cancel Culture: the stifled & ignored voices
- Development All Sorts
- Some ideas for discussion

## Economic growth

- Increase in GDP
- Higher productivity / input / income

## Economic development

Apart from economic growth, also:

- Economic diversification
- Improvement in living standards
- Modernisation in technology

# On Empires and Colonialism

- Fixed demarcated national boundaries quite a modern concept: international aid therefore a contemporary activity.
- Empires were like lungs: inflating and deflating boundaries
- Can one view Hadrian's Wall or the Aqueducts as a form of Roman Empire development aid?

# Oliver Cromwell & international aid during genocide in Savoy 1655

*“Avenge, O Lord, thy slaughtered saints,  
whose bones*

*Lie scattered on Alpine mountains cold,...*

*Forget not: in thy book record their  
groans*

*Who were thy sheep and in their ancient  
fold*

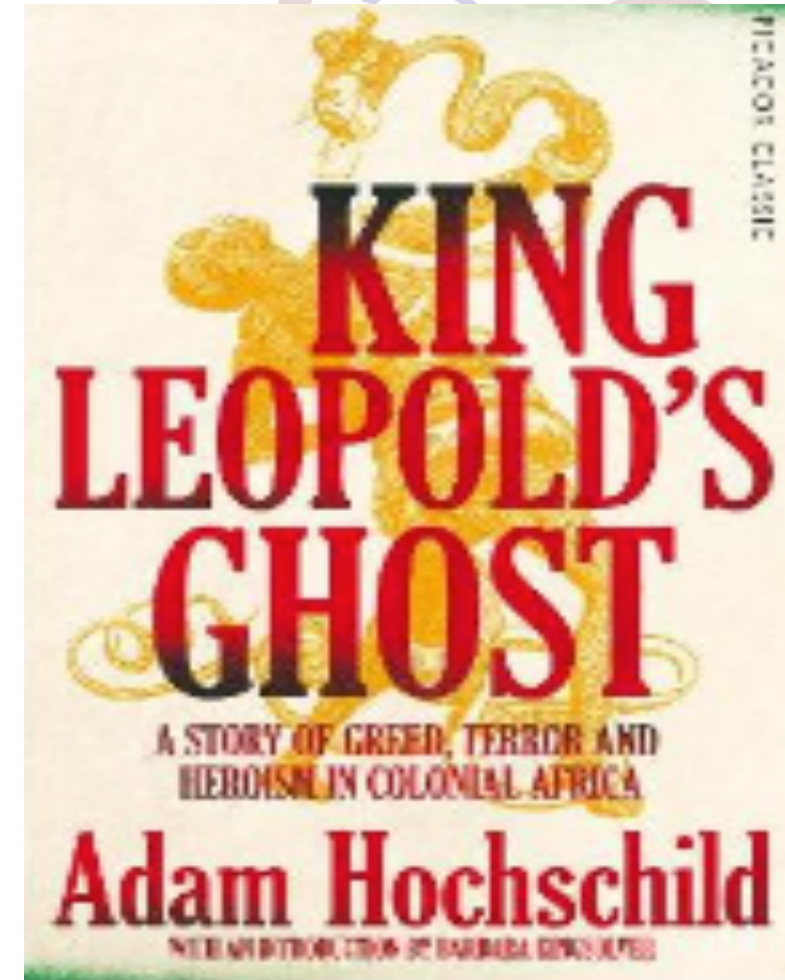
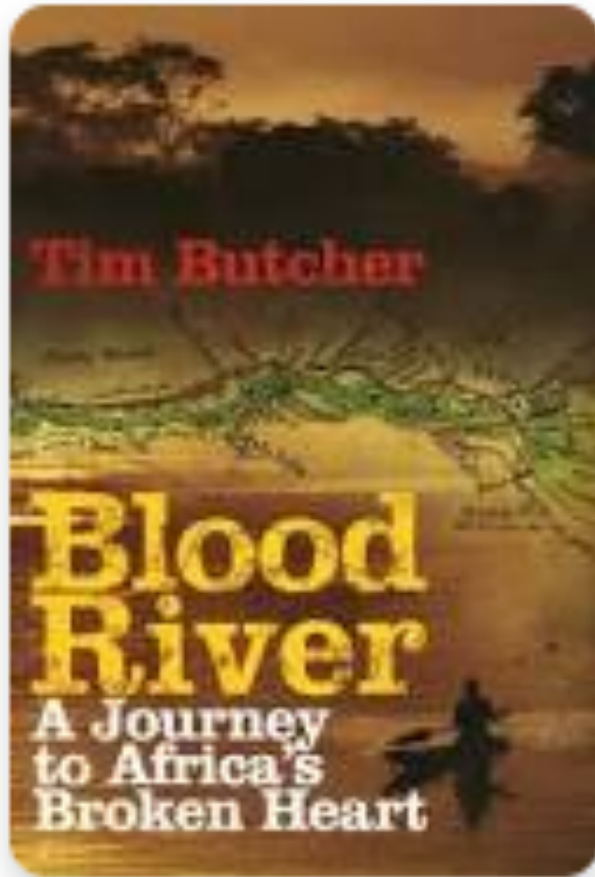
*Slain by the bloody Piemontese that  
rolled*

*Mother with infant down the rocks.”*

- John Milton, Cromwell’s Secretary of Foreign  
Tongues

First co-ordinated  
international  
humanitarian aid  
backed by  
military strength

# Colonialism: At best a mixed legacy



# Colonial Development Aid: The Tanganyika Groundnut scheme

Clement Attlee's  
Labour government  
Kongwa (Half London)  
Target 12 000 sq km  
Equipment problems  
Climate (& clay)  
Capacity building  
Union movement  
Discarded in 1951:  
Wasted over billion  
GBP (today's value)

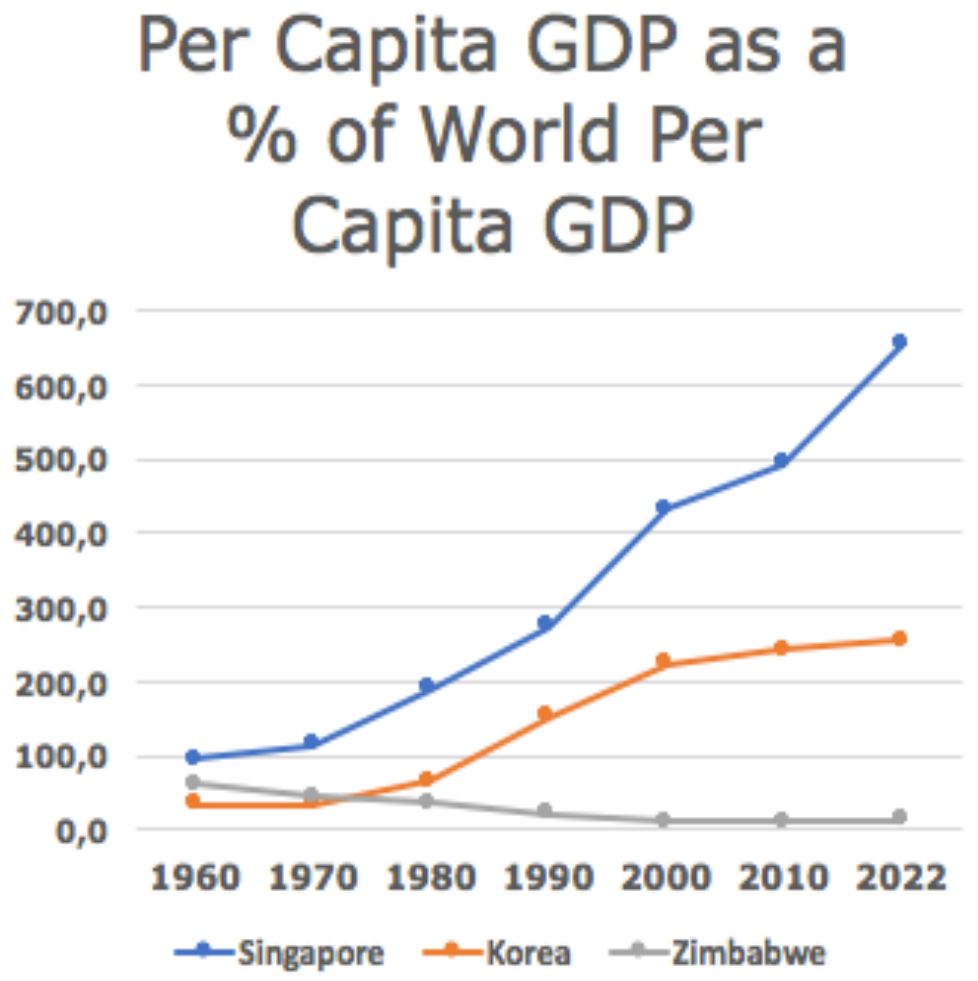


# Singapore & Korea built on colonial legacy

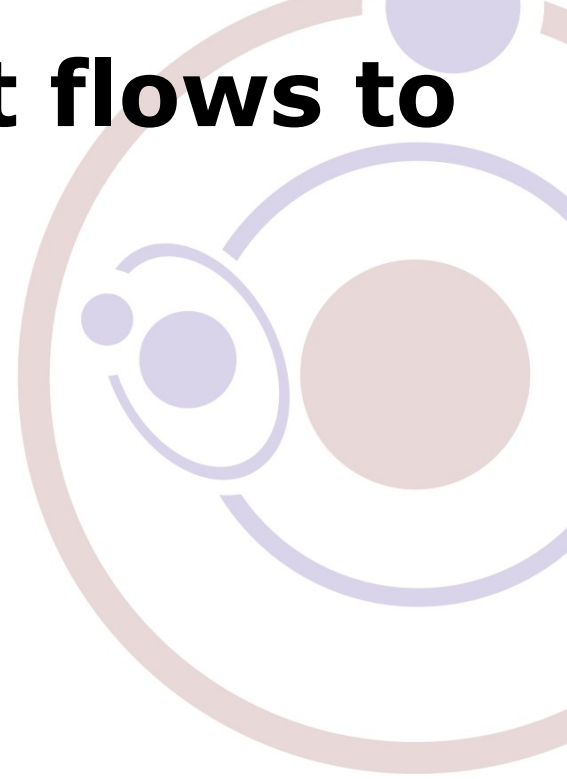


## SSA let it decay

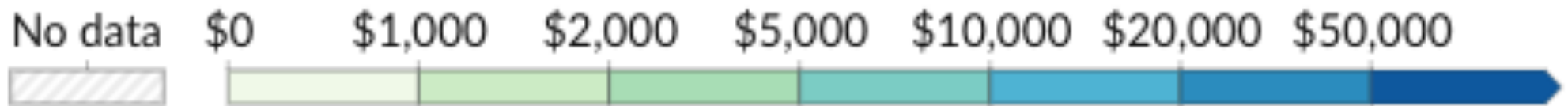
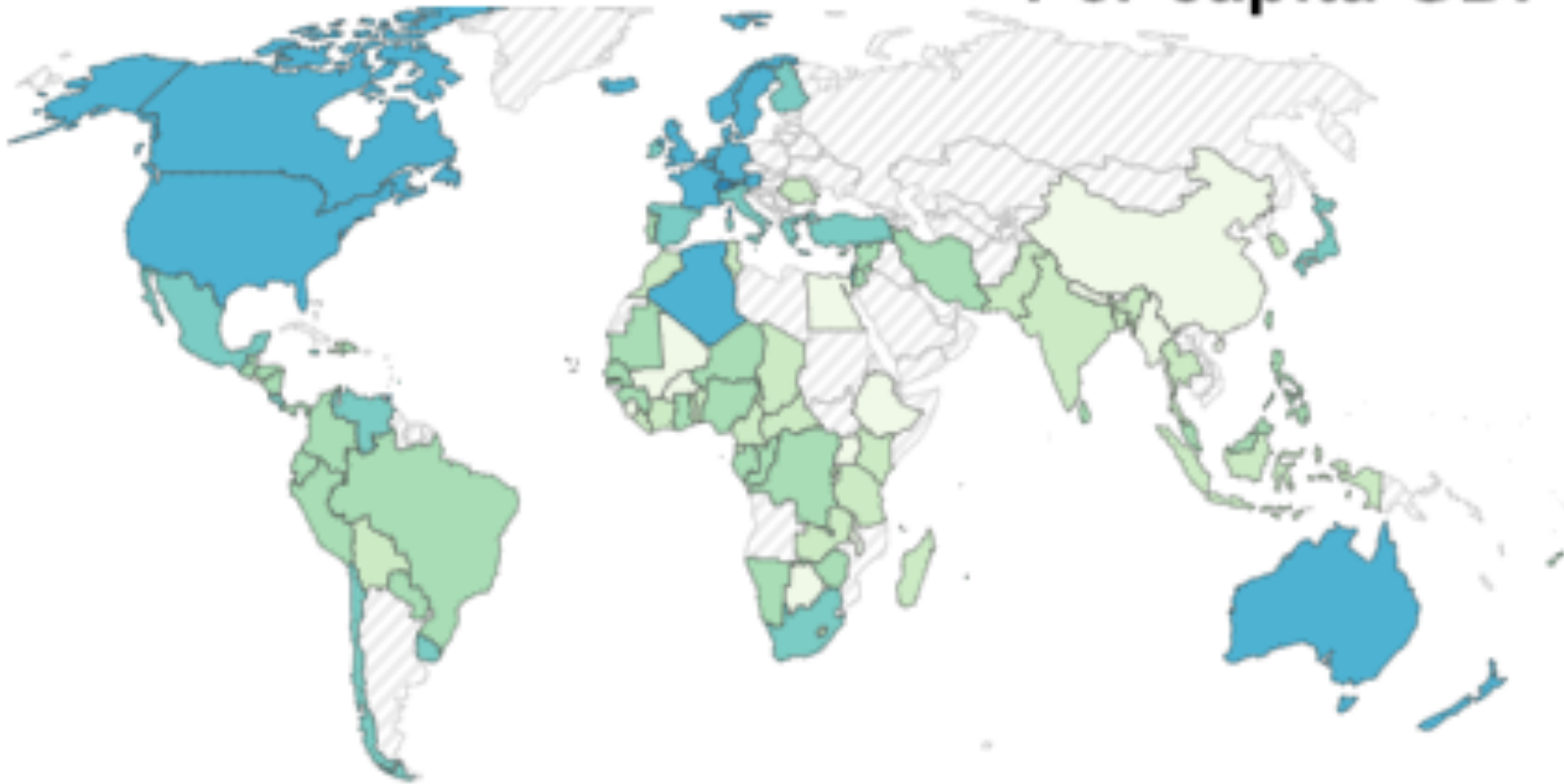
Tim Butcher (Blood River): In the **Congo** he felt under his heel something regular & discover under the thick layer of composting leaves the old colonial railway line that fell in disuse...



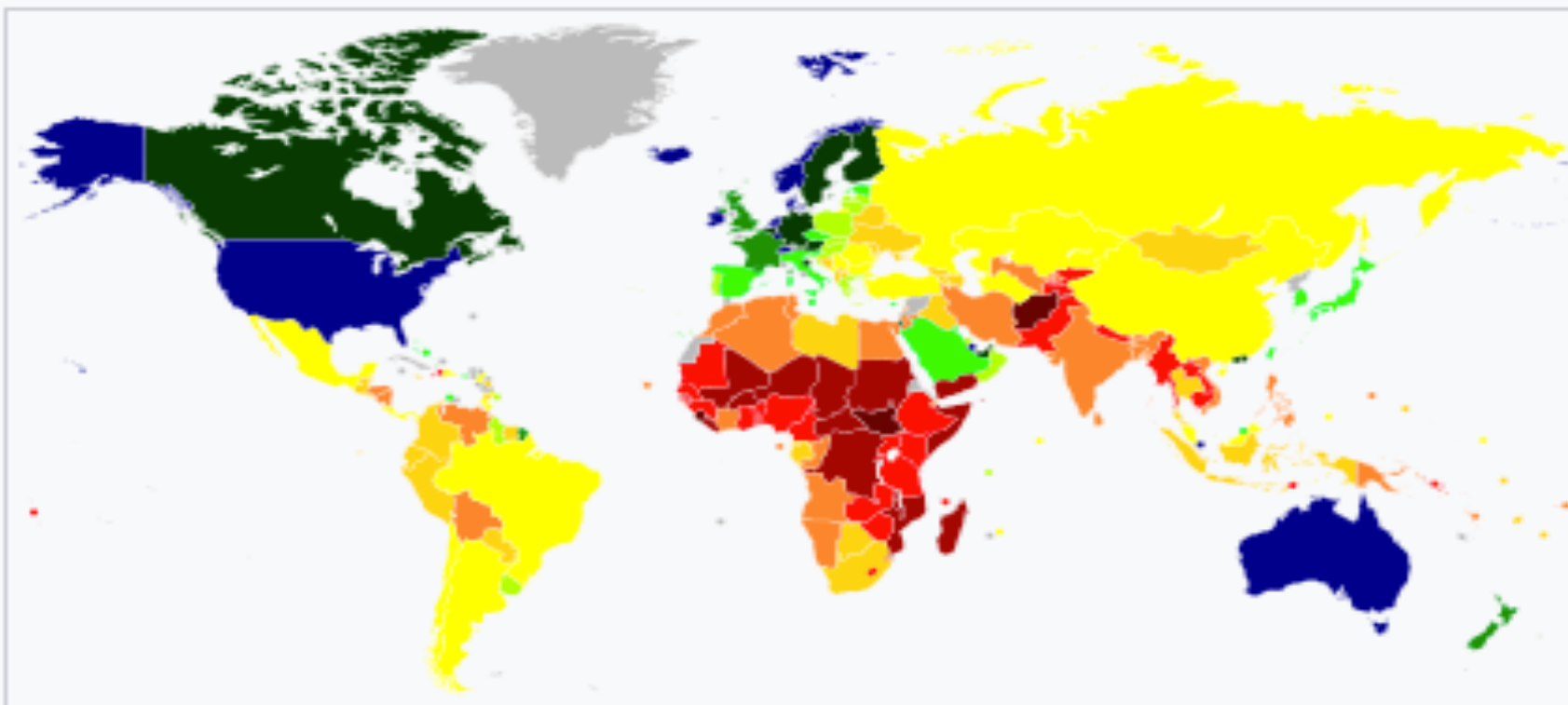
# Aid: Its growth and where it flows to



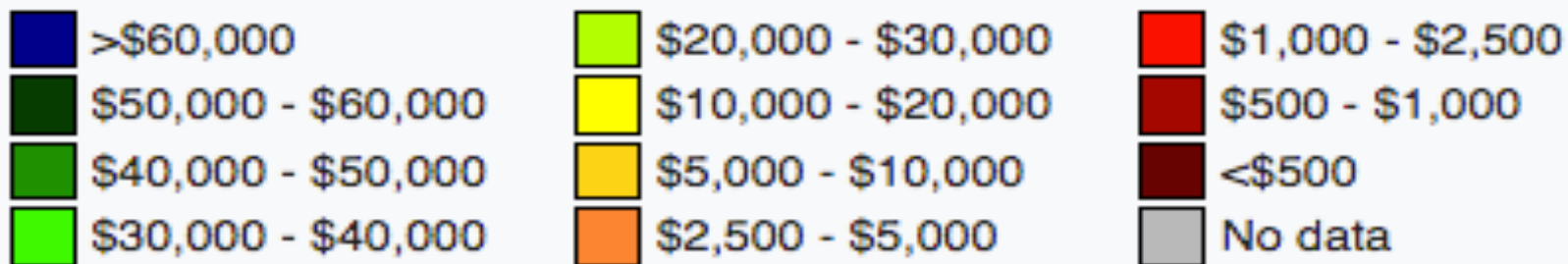
# Per capita GDP 1960



EOSA

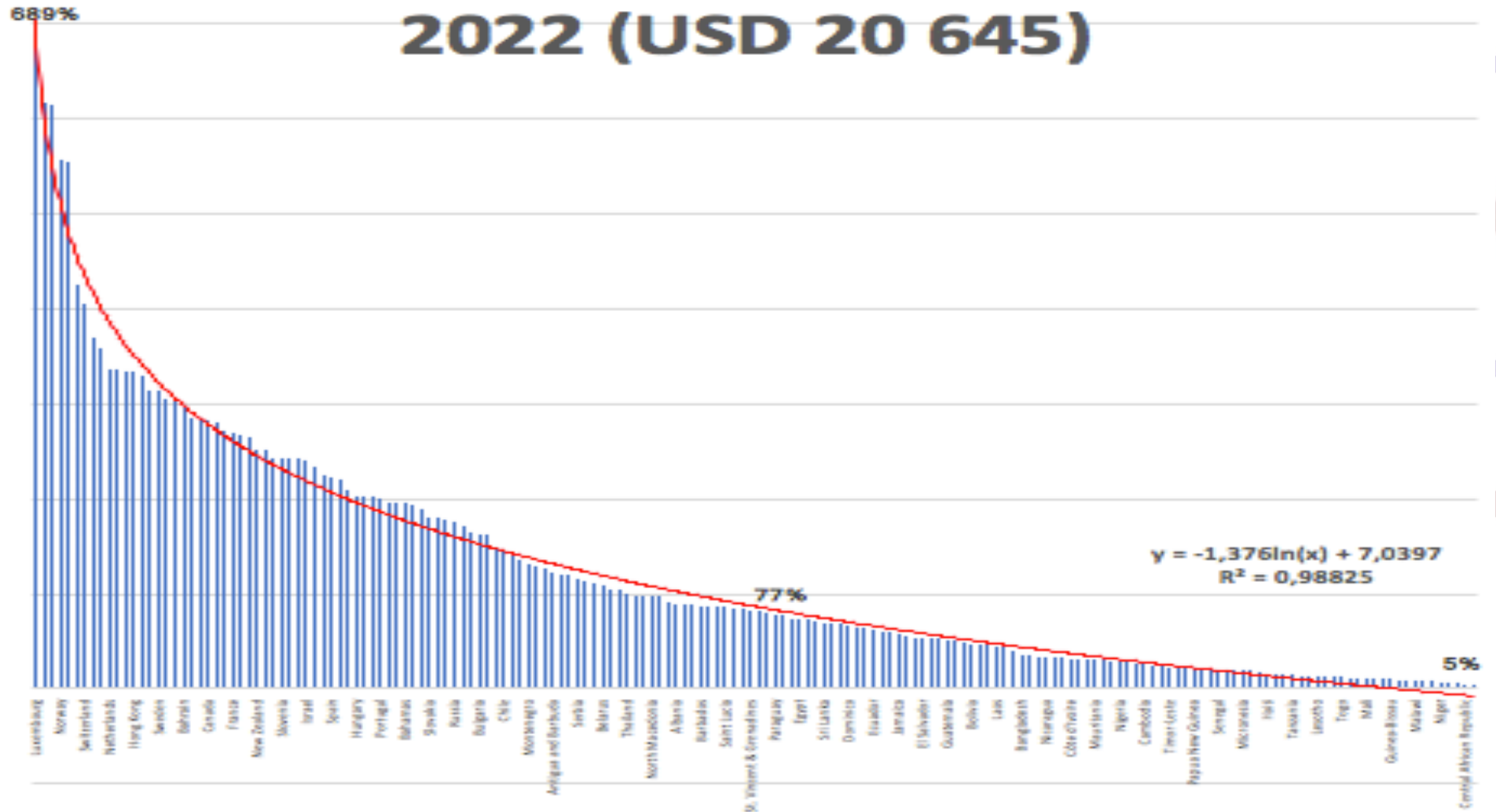


Countries or territories by GDP (nominal) per capita in 2023



EOSA

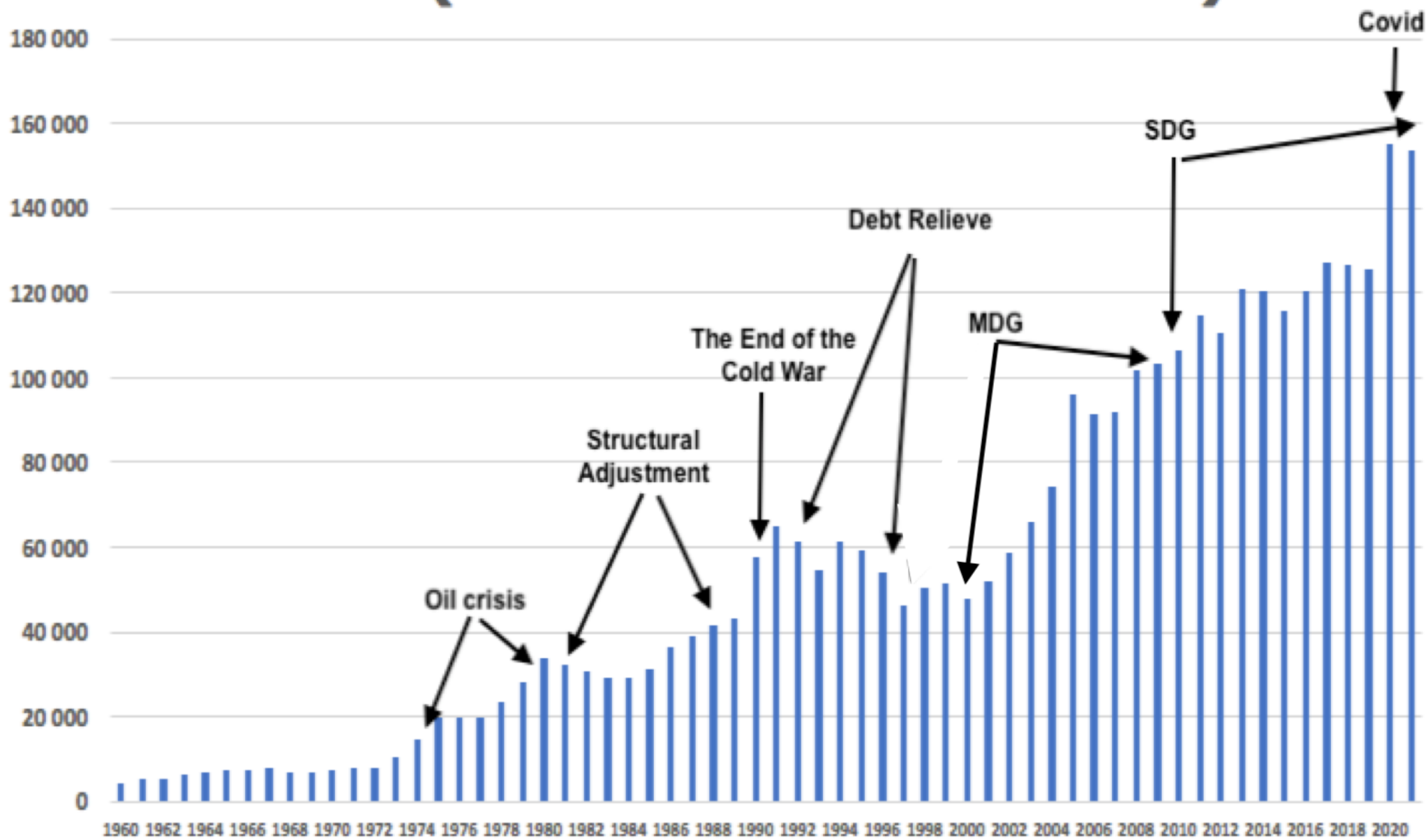
# % of World PPP per capita GDP 2022 (USD 20 645)



<https://www.worldometers.info/gdp/gdp-per-capita/>

EOSA

# International Development Aid 1960-2022 (USD billion 2022 values)

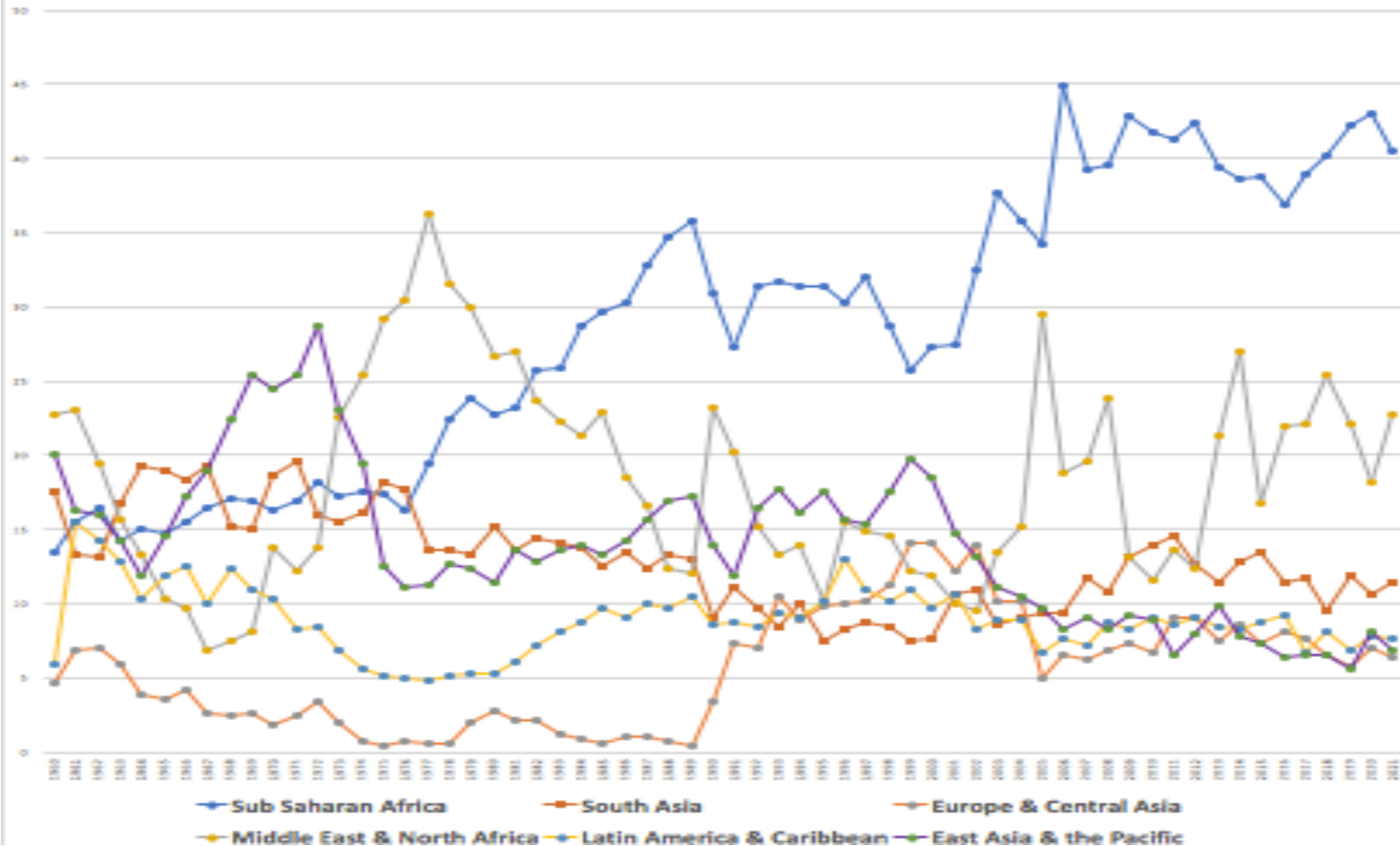


# Aid has grown into a massive international industry

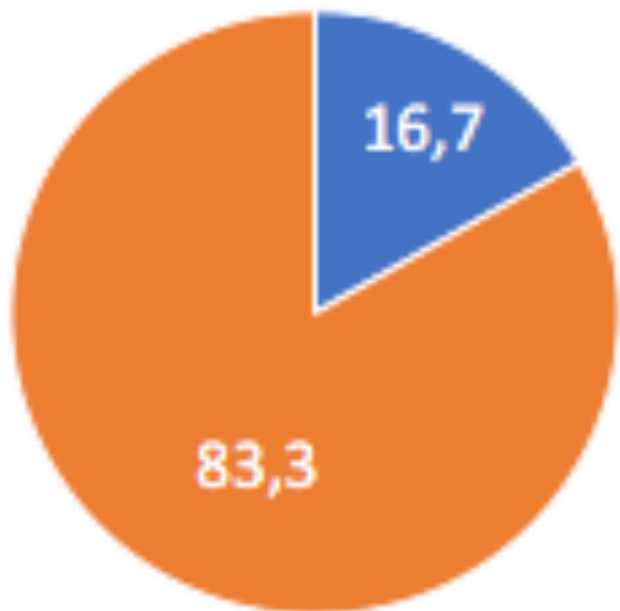
- It has shaped our views: even in ways we may not be conscious about

World Bank:	18 946
IMF:	3 000
UNDP:	23 000
WFP:	23 500
Unicef:	13 000
FAO:	3 800
OECD:	3600
GIZ:	25 000
FCDO:	17 800
USAID:	4 209
KfW:	8 122

## Where is Aid flowing to? The percentage of global aid for the 6 development regions (1960 - 2022)

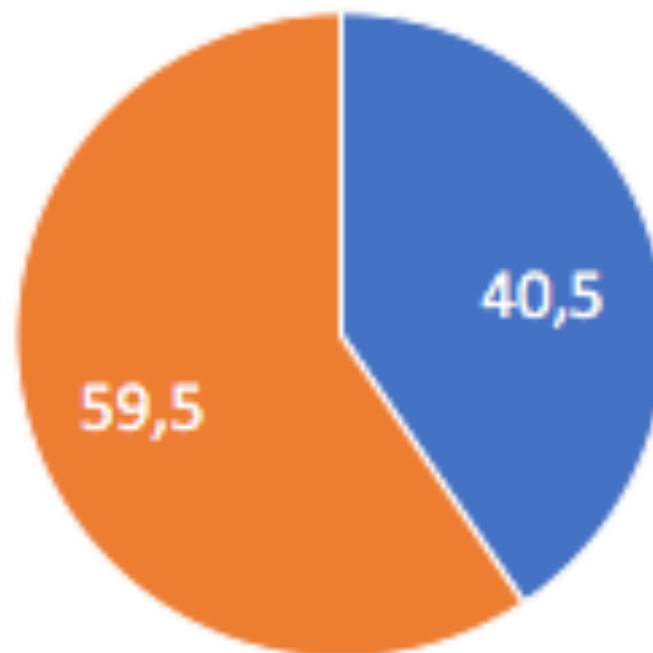


## % of Population



Rest

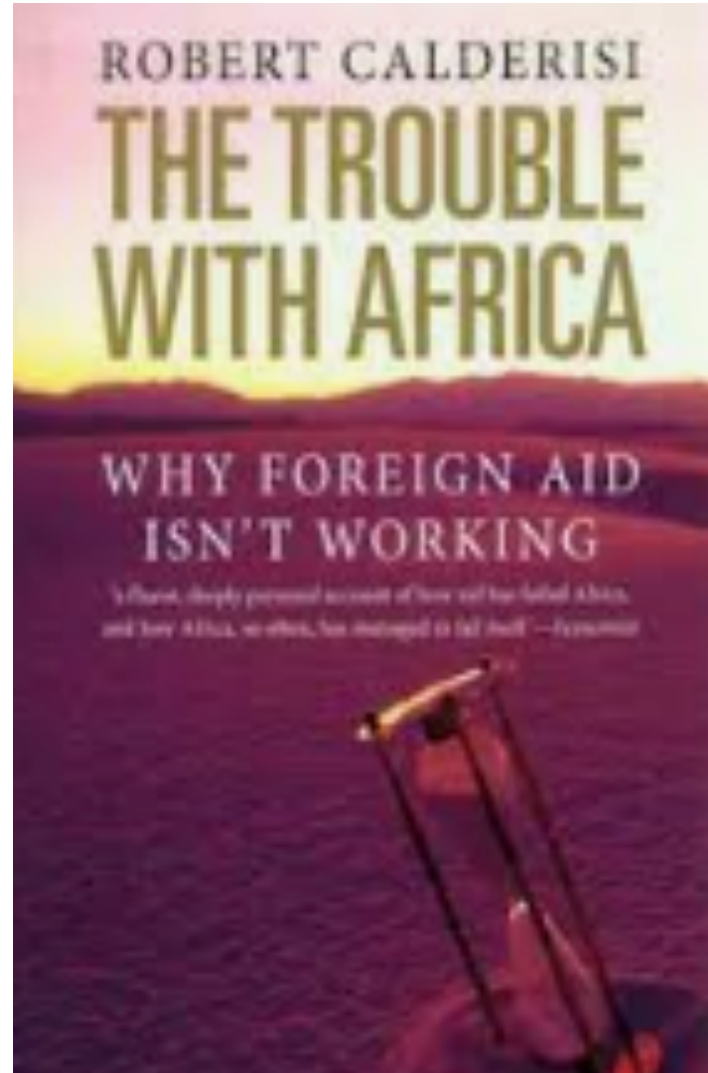
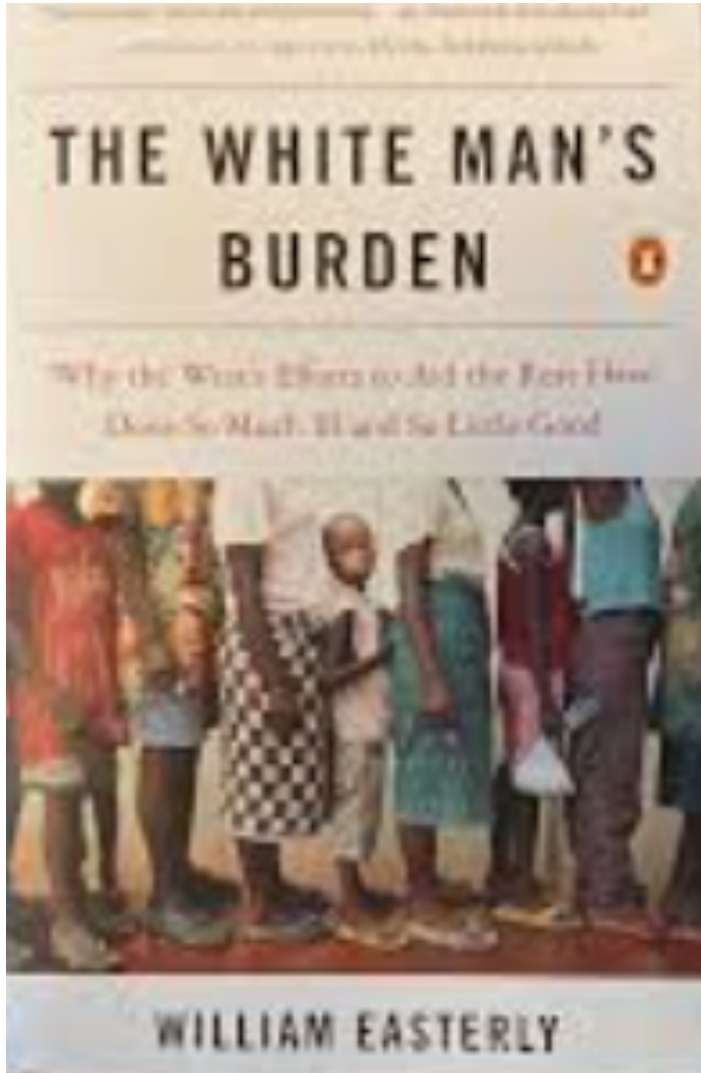
## % of Aid



SSA



EOSA

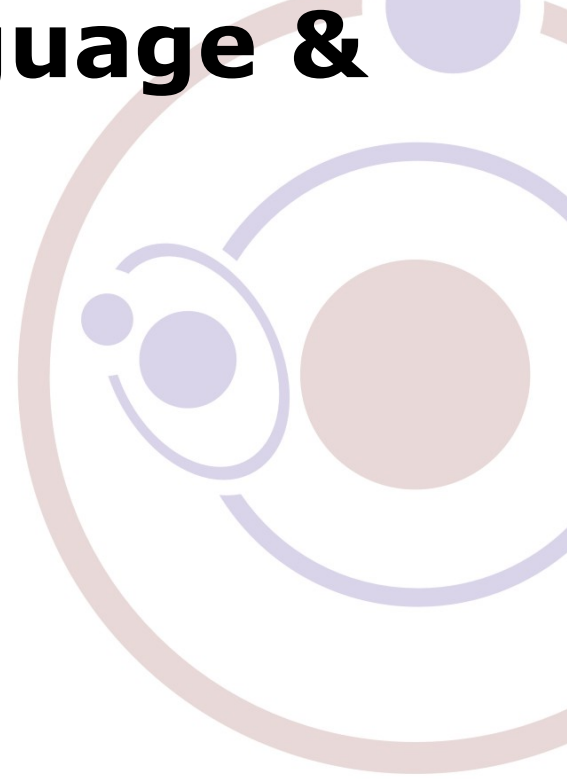


# Singapore & Zambia



*exploring entrepreneurial spaces*

# Aid: Key concepts, its language & cornerstones



# Grand scale conceptual simplifications

1952: Sauby "*tiers monde*"

Very diverse countries grouped together by a singular concept

## Language of negative

**definition:** the developed world and "the residual" – "the undeveloped" or "the under developed" or "the developing" countries

Rich vs Poor

The Mighty vs the Helpless

The Aggressors & the Victims

Sympathy, care & guilt vs Entitlement, victimhood & the moral high ground

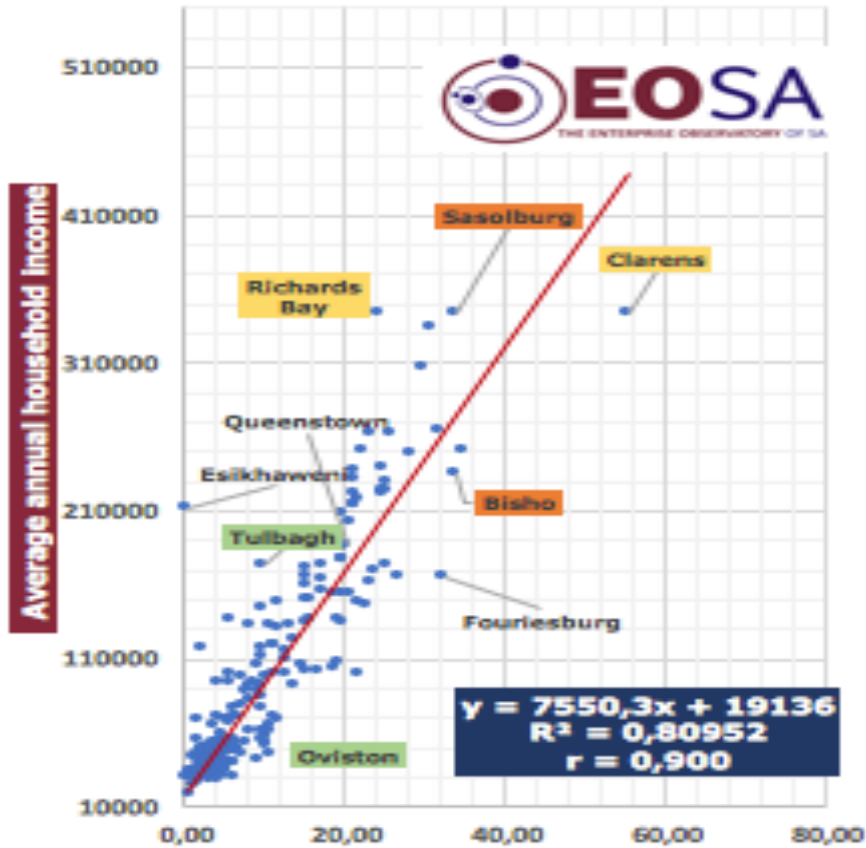
# Cornerstone 1: The income gap: the inequality thing

- **In** denotes not/non
- Inequity = good / bad?
- Inefficient = good/bad?
- Inapt = good / bad?
- Inequality = good / bad?
- Ingrid Robeyns:  
*Limitarianism*

Gini

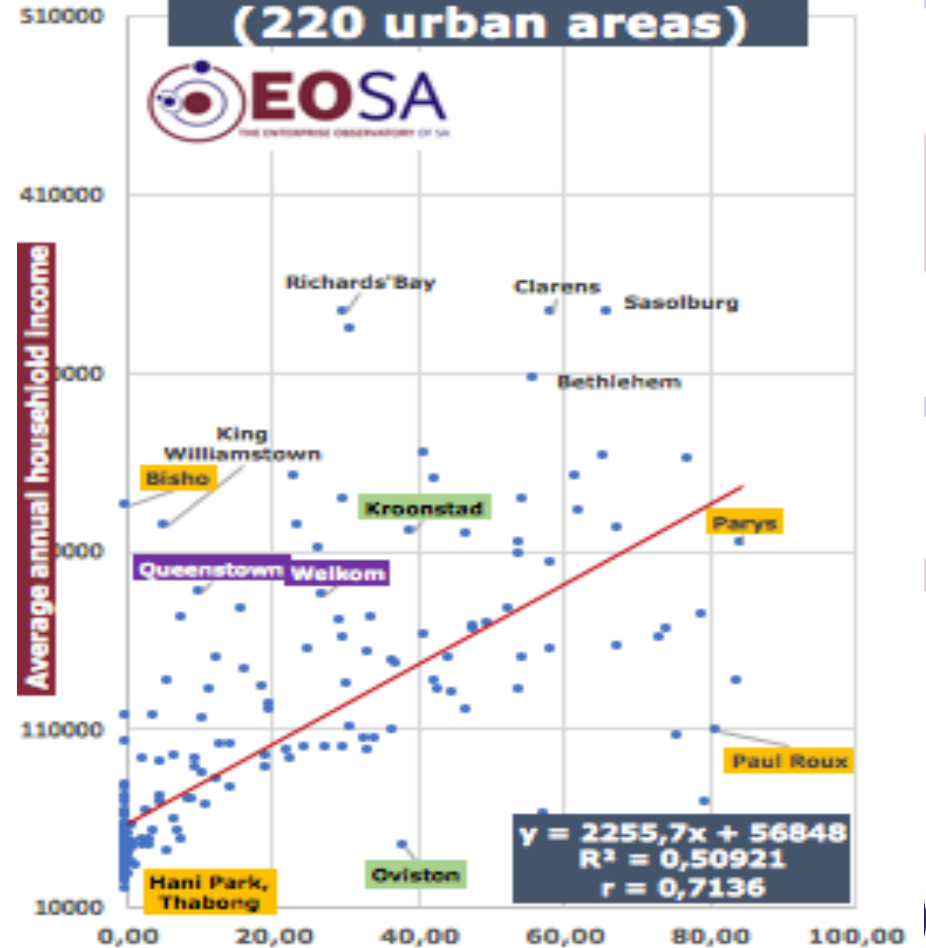
How do we think about inequality in SA?

# Tertiary qualifications & Average household income in 2011 (220 Urban Areas)



**% of Population (20y plus) with tertiary qualifications**

# % White population & Average household income in 2011 (220 urban areas)

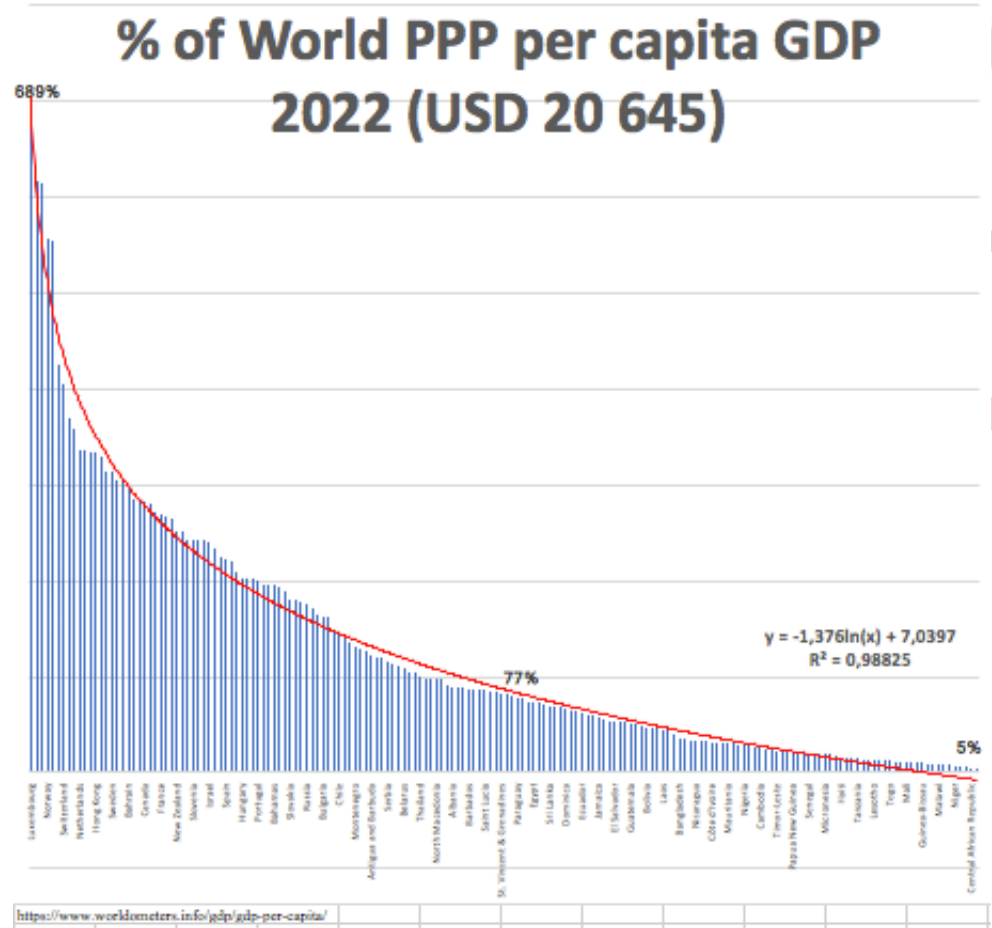


**% of White people per urban area**

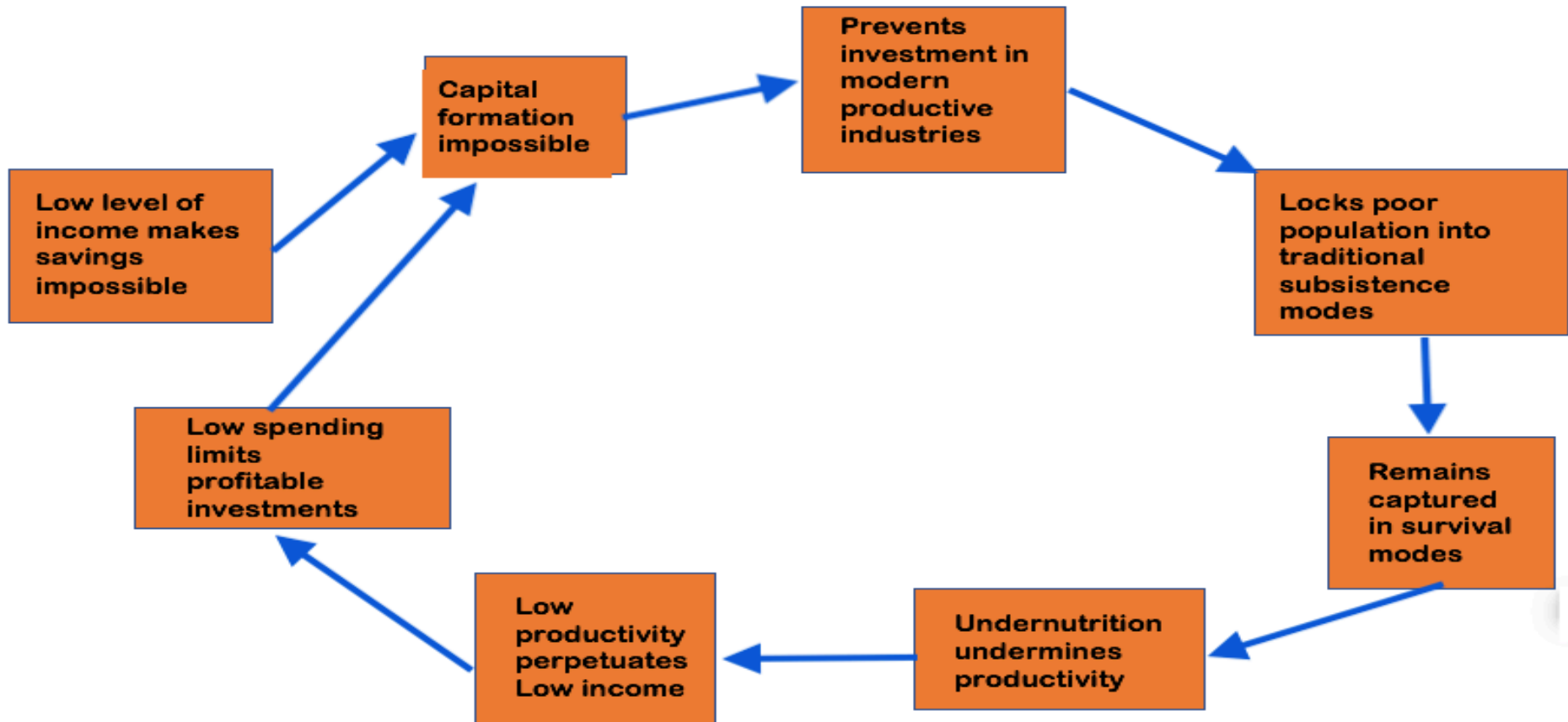
**EOOSA**

# Is there a different way to look at "*the gap*"?

- Why not rather talk about the spread of incomes
- Are income differences per se bad?
- If on gender and race:  
Yes
- And on skills & expertise?



# Cornerstone 2: The Vicious Cycle of Poverty



# To summarise:

1. The growth of income is a function of the rate of capital accumulation (that is investment)
2. Investment depends on savings
3. Saving is a function of income

Therefore:

The growth of income depends on the growth of capital and the growth of capital depends on the growth of income



# If the poor can't escape "the poverty trap"...

- The governments should be the saviour
- This is the messianic message of international development aid.

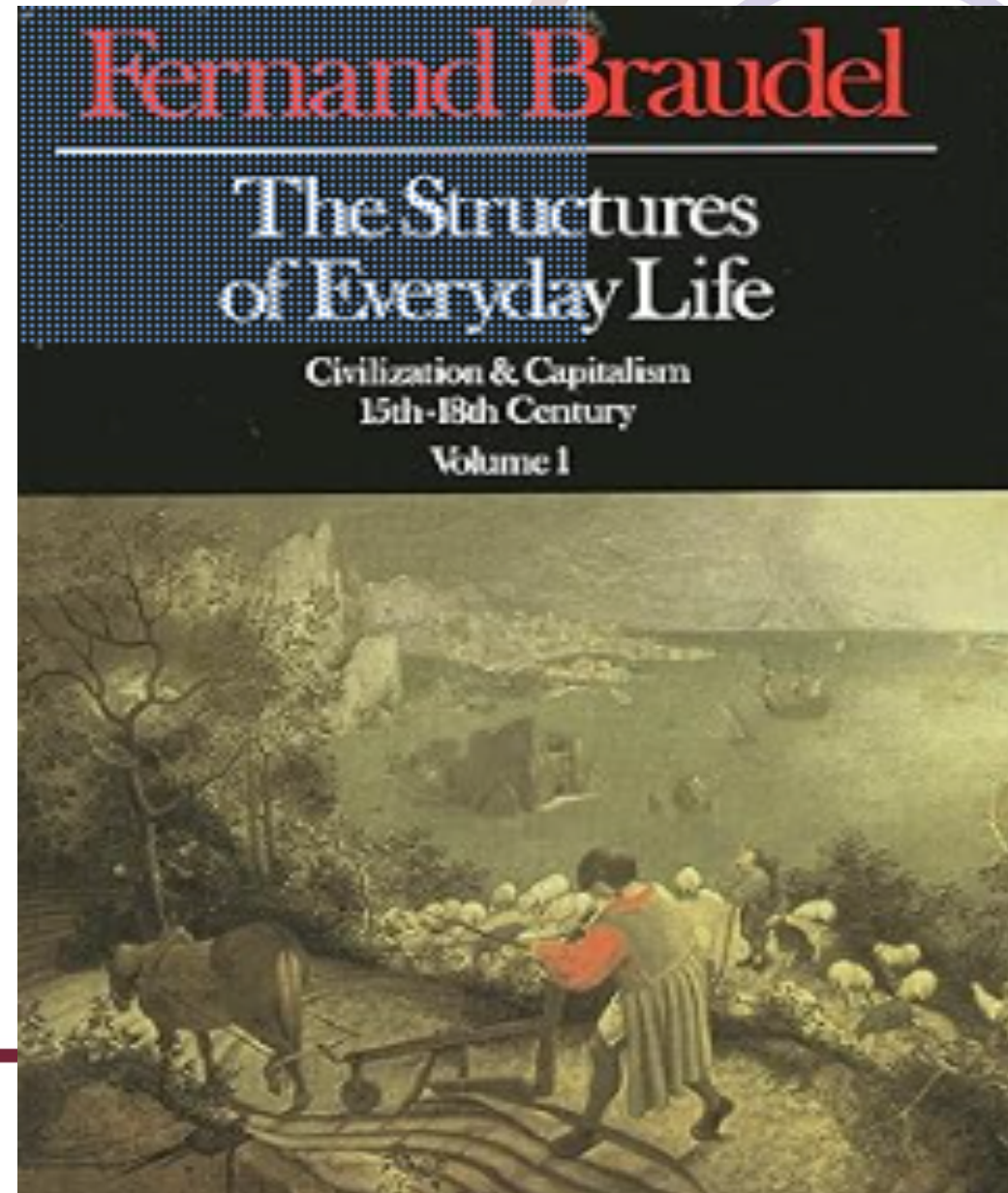
All developed countries commenced as undeveloped countries:

How did they escape "the poverty trap"?

# Braudel found no poverty trap

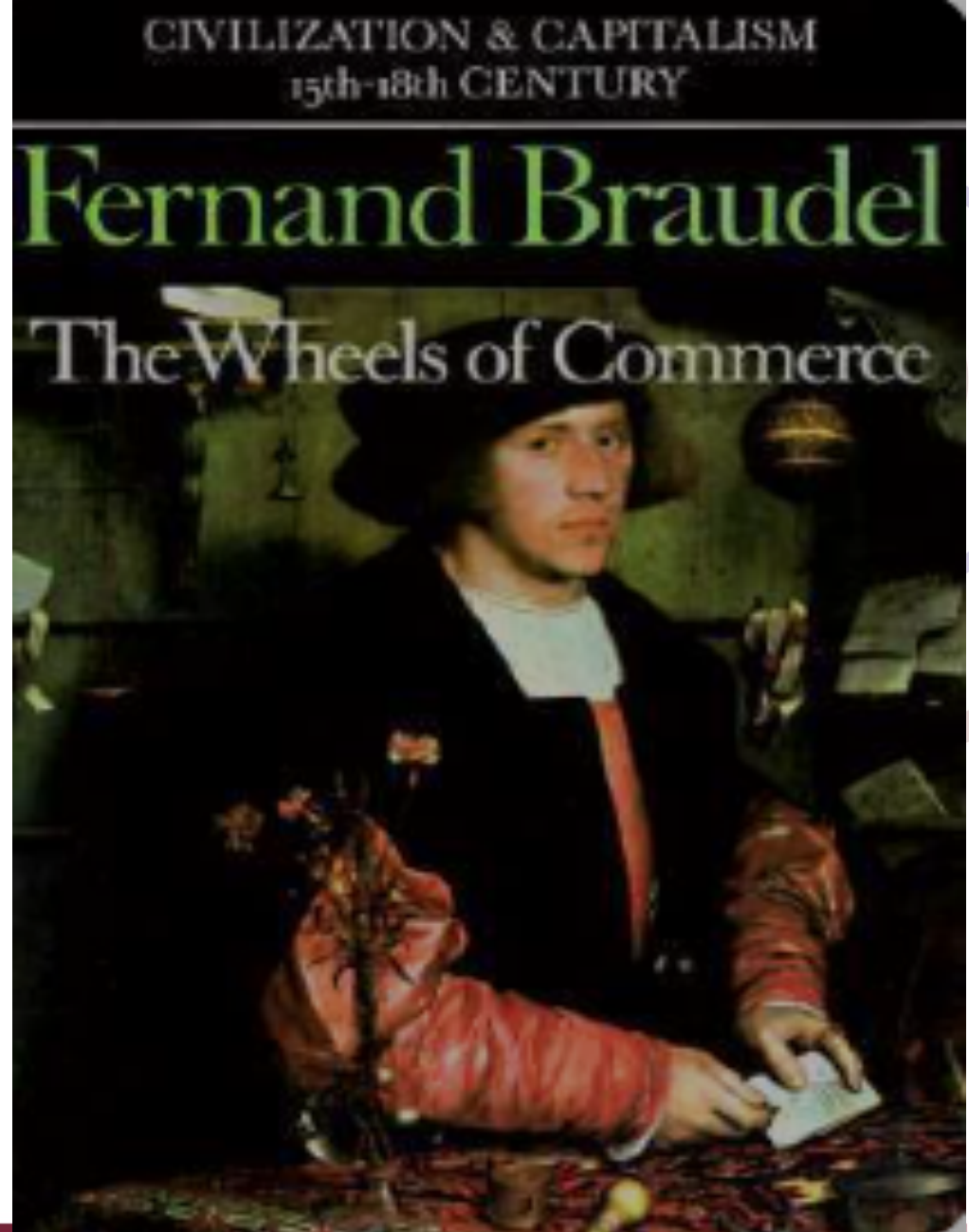
Fernand Braudel:

1. Evidence, for long periods at low levels and limited scale, of lively & expanding market economies that both accompanied & enabled the growth of towns and cities

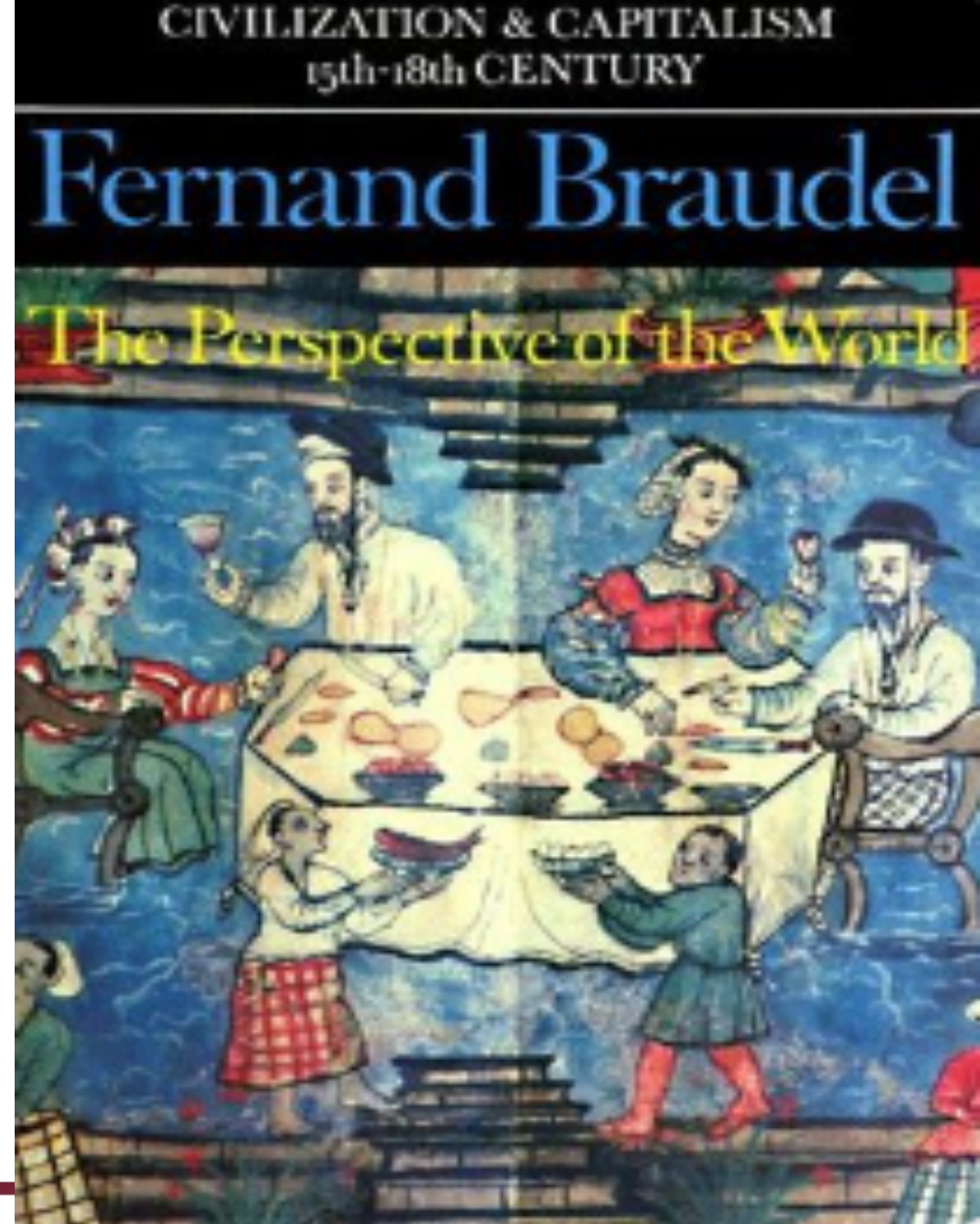


## 2. Essential for this:

- Societal processes that enabled capital formation
- Social mobility.



### 3. Division of labour & the fruits of specialisation & productivity



No Poverty Trap: History reveals a multi generational trek of economic growth & diversification.

Wrong to ask what causes poverty: poverty is the natural state of humankind.

The question is what causes progress, development, growth and wealth

Progress depends in the first instance on:

- human aptitude and attitude
- the nature of societal institutions and
- property security



# Poverty traps can be created



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA



OUR PARLIAMENT

OUR PEOPLE

BUSINESS OF PARLIAMENT

MEDIA

PUBLICATIONS

ADM

## COMMITTEE WELCOMES ONE HOUSEHOLD ONE HECTARE POLICY

PRESS RELEASES

**Parliament, Wednesday, 7 June 2017** –The Portfolio Committee on Rural Development and Land Reform today heard the Department of Rural Department and Land Reform presentation on the policy imperatives of the One Household One Hectare and One Household Two Dairy Cows policies.

Given the mandate of government as enshrined in the Bill of Rights that every citizen has a right to have access to food and water, and every child has the right to basic nutrition, shelter, basic health care and social services, the Department of Rural Development and Land Reform has implemented projects such as the One Household, One Hectare and One Household, Two Dairy Cows.



entrepreneurial *spaces*

# The historical & economic philosophical roots of the Aid industry



# The Genesis of Development Aid...

WWII a watershed:

Marshall Plan for Europe

UN established

Bretton Woods institutions



- 1947: UN's first report on development:  
*Economic Development in Selected Countries: Plans, Programmes & Agencies*

"All governments of the less developed countries share *"the ultimate aim in economic development namely to raise the national welfare of the entire population"*

## MEASURES FOR THE ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Report by a Group of Experts  
appointed by the Secretary-General  
of the United Nations

UNITED NATIONS  
Department of Economic Affairs  
New York  
May 1951

36. There is a sense in which rapid economic progress is impossible without painful readjustments. Ancient philosophies have to be scrapped; old social institutions have to disintegrate; bonds of caste, creed and race have to be burst; and large numbers of persons who cannot keep up with progress have to have their expectations of a comfortable life frustrated. Very few communities are willing to pay the full price of rapid economic progress.

37. In our judgment, there are a number of under-developed countries where the concentration of economic and political power

in the hands of a small class, whose main interest is the preservation of its own wealth and privileges, rules out the prospect of much economic progress until a social revolution has effected a shift in the distribution of income and power.

38. There cannot be rapid economic progress unless the leaders of a country at all levels — politicians, teachers, engineers, business leaders, trade unionists, priests, journalists — desire economic progress for the country, and are willing to pay its price, which is the creation of a society from which economic, political and social privileges have been eliminated. On the other hand, given leadership and the public will to advance, all problems of economic development are soluble. We wish to emphasize that the masses of the people take their cue from those who are in authority over them. If the leaders are reactionary, selfish and corrupt, the masses



95. For information on techniques, it is sufficient to refer to UNESCO, which is making special studies of this subject. We wish to draw attention rather to one point where the training of personnel is affected. It is impossible to reach the masses if only men of the highest qualifications are to be employed as teachers, physicians, dentists, bridge-builders, agricultural extension workers, or the like. There must also be a vast outpouring of men who have received no more than one or two years' training, to

work in spheres where a four or six years' training is usually demanded in developed countries. Some of the peoples of under-developed countries resent attempts to expand this type of training, because they consider that the dignity of their country requires that only the best should be used. There is also some danger that international institutions may set too high standards of competence for the local technicians whose employment they have to approve. We consider these attitudes to be mistaken. There is much to be done that can be done after a short training, and much that can be done better after a short training than it is done by persons further removed from the people. Economic development will be held up if under-developed countries are compelled to adopt the expensive standards of the more advanced countries.

# THE QUARTERLY JOURNAL OF ECONOMICS

Vol. LXVI

August, 1952

No. 3

## UNITED NATIONS PRIMER FOR DEVELOPMENT

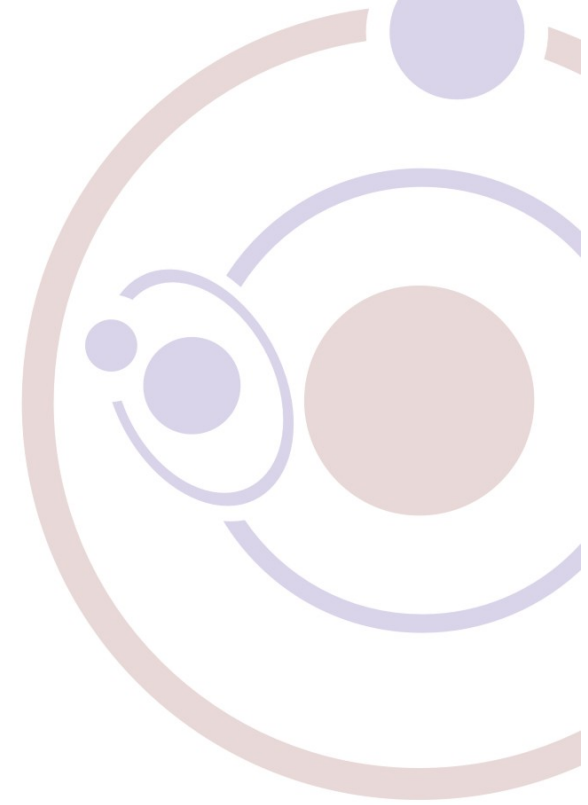
*By* S. HERBERT FRANKEL

I. Introduction: Terms of Reference, 301. — II. The Concept of Progress, 302. — III. The Cure for Unemployment, 305. — IV. Income Aggregates as Criteria of Development, 309. — V. Development Planning, 310. — VI. The Need for External Capital, 315. — VII. Private Investment, Government Lending, and Intergovernmental Grants, 320. — VIII. Concluding Observations, 325.

### I. INTRODUCTION: TERMS OF REFERENCE

This article considers the United Nations report on “Measures for the Economic Development of Under-developed Countries.” We are informed in the preface, by the Secretary-General of the United Nations, that it should be regarded as a counterpart to the earlier report on national and international measures required to achieve full employment in economically more developed countries.<sup>1</sup>

This report was prepared by a group of experts<sup>2</sup> appointed by the Secretary-General after the Economic and Social Council adopted a far-reaching series of recommendations resulting from a discussion of the earlier report. The terms of reference were, by resolution 290 (XI) of the Economic and Social Council, as follows:



*exploring* entrepreneurial spaces

# Herbert Frankel: Chair Colonial Economics, Oxford

Incomes in diverse countries  
cannot be compared in the  
abstract: income gap!  
Context determines that

Skills & capacities for  
wholesale developmental  
drive not there: also weak  
institutional frameworks

Who will make the sacrifices:  
the leaders or the masses?

Have individuals  
any role except to  
follow the cue of the  
leaders?

Authoritarian  
approach

kinds — of carpenters, mechanics, doctors, administrators, or what you will. There is abundant evidence that men can be trained to acquire reasonable competence in these skills much more rapidly than we have ever thought possible before. Adults are trained to read with astonishing speed; crafts for which a seven-year apprenticeship used to be necessary are taught to illiterate recruits in the Army in nine months; and so on. The bottleneck of skill can be broken if money is spent on large training programs. And if this bottleneck is broken, the expansion of output will be speeded up considerably.

In contrast to Professor Frankel, I believe that a 2 per cent per annum increase of goods and services per capita is not too ambitious a goal for underdeveloped countries to set themselves; I believe that governments can do a great deal, nationally and internationally, to further this object, and that it is quite proper for economists to accept an invitation to discuss the appropriate measures; and I also believe that large programs of education are foremost among these measures. Nothing in Professor Frankel's review has caused me to feel ashamed of these beliefs.

# Development with Unlimited Labour Supply

Special Adviser to Nkrumah 1957 – 58

Kept mum: only criticised in 1965



## CONCLUSIONS

Since its inception in late 1961, the Lake Turkana Fisheries Development Project has been an excellent illustration of the ancient proverb, often quoted in publications of the U.N. Food & Agricultural Organization, that giving a man a fish to eat provides him with food for only one day, whereas teaching him to catch fish creates the possibility of his feeding himself and his family throughout their lives. The Turkana District has an arid and harsh environment, in which for generations the nomadic pastoralist people have lived on the verge of famine and starvation, a

Throughout this time the lake and the fish which it contains remained largely unexploited until the start of this project. Since then, with assistance from NORAD and other sources, some 20.000 people, or about 10% of the Turkana population, including fishermen and their families, have been trained and equipped to catch fish and thereby derive a livelihood far less vulnerable to the effects of periodic drought and famine that was their traditional pastoralist way of life.



# Gunnar Myrdal

Nobel laureate Economics in 1974

'Social engineering will increasingly be demanded.

"Fact-finding and scientific theories will be instrumental in planning controlled social change.

"This never-ending reconstruction of society is the supreme task of social science.

"We have today in social science a greater trust in the improvability of man and society than ever before."

- A new approach: not what had worked in the “advanced countries”
- Liberate from the inhibitions or reverence of past experience
- Religious, ethnic, cultural and language “ barriers should be broken down”
- Political “leaders should arouse the ambitions of the masses...” and the “pliant illiterate masses” can be aroused by the cravings for economic development.
- “The social sciences, and in particular economic theory, stuck stubbornly to the **naturalistic equality postulate that all men are equally endowed by nature.**”

plan . . . responsibility for the direction of the entire economic development of the country.

The emergence of this common urge to economic development as a major *political* issue in all underdeveloped countries and the definition of development as *a rise in the levels of living of the common people*, the uncontested understanding that economic development is *a task for the governments* and that the governments have to prepare and enforce *a general economic plan*, containing a *system of intentionally applied controls and impulses to get development started and to keep it going*, is an entirely new thing in history. . . .

What we witness is how this much more than half of mankind living in poverty and distress is *not only accepting for itself the pursuance on a grand scale of a policy line which we are accustomed to call 'socialistic'*, but that *positive and urgent advice to do so is given to them by all scholars and statesmen in the advanced countries*. . . .

Central economic planning is always a difficult thing and, when it has been tried, it has not been too much of a success in the advanced coun-

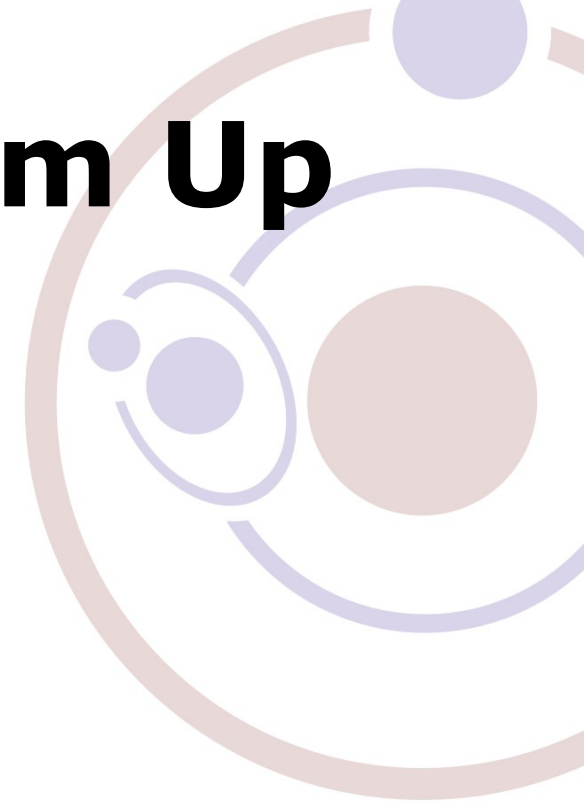
A reinterpretation of the concept of planning has recently made its appearance in the literature. The central argument of Professor Myrdal's *Asian Drama* is an example. He envisages planning as wholesale transformation of people's attitudes, values and institutions, by compulsion if necessary. This reinterpretation of the concept envisages the policy not as state control of the economy but as attempted remoulding of man and society. If such a policy were pursued or pressed by coercion it would reduce the population to the status of malleable clay; such a population is more likely to become an inert mass rather than a vigorous society capable of material progress.<sup>1</sup>

Indeed, the widest moral and political issues are raised by the proposed attempts to coerce people to change or to attempt to change their beliefs, values, attitudes, mores, modes of living, social institutions and even their faculties. It is in fact improbable that indigenous

# The Trinity of Aid

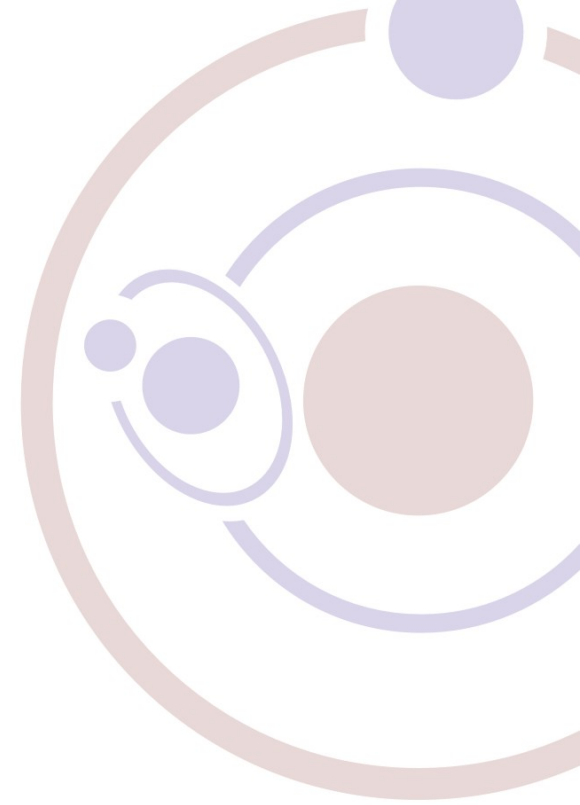
- The state is the saviour and allegiance to its goals should even be enforced. Myrdal thought developmental efforts would be ineffective "**unless there were regulations backed by compulsion**".
- Start with a clean slate: historical context is irrelevant
- Comprehensive central planning and conscious design to reshape society for the better = **Intelligent design**

# Top Down vs Bottom Up



# Top down vs Bottom up

- Paul Streeton: First things First
- Robert Chalmers: PRA
- Manfred Max-Neeff: Human scale development



# The thrust of “Community Development”

- Pro poor sustainable development
- Empowerment
- Inclusivity
- Social justice
- Human rights
- Participative democracy
- Equality

# Major challenges in CD approach

- Capture of aid projects/assets by the strongest: Freedom Square
- Extreme forms of protectionism / skeptics of markets (No outsiders)
- Tolerance of slacker standards / The end-users in the community are the victim
- Restraining diversification of institutions / Lack of differentiation between project resources and private resources
- Dependency syndrome

# Two sides of the same coin

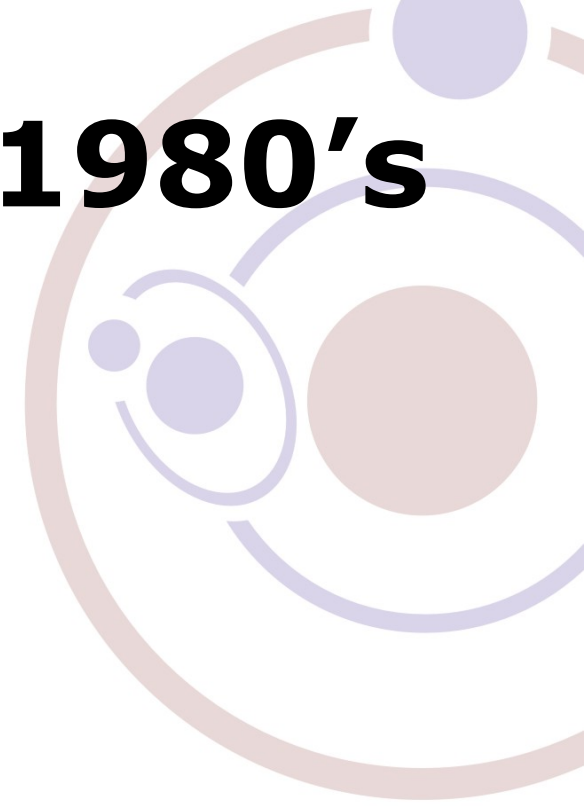
## Top down:

- Central government dictates and control
- Cronies will benefit
- Centralised approach
- A Technocratic approach

## Bottom up:

- Local strong men dictates and control
- Local cronies will benefit
- Devolved authoritarianism
- Capacity building

# Mutations since the 1980's



# Endless adaptations of Aid strategies

- Structural adjustment
- Debt relief
- Budget support
- People Centered Development (Copenhagen Social Summit)
- Millennium Development Goals (2015)
- Sustainable Development Goals (2030)
- Supporting Climate Change Resilience

# The End of Poverty

Jeffrey Sachs:  
underdevelopment and  
poverty is simply a case  
of resource misallocation.

The rich world can finance  
and aid 3<sup>rd</sup> World  
Countries out of poverty

Big political & private  
philanthropy traction:  
Tony Blair & Bill Gates

Adviser to UN Secretary  
General & key player  
in Millennium  
Development Goals as  
well as Sustainable  
Development Goals

Big Push to End  
Poverty (contemporary  
Gunnar Myrdal)



# MDG

- Eradicate extreme poverty and hunger.
- Achieve universal primary education.
- Promote gender equality and empower women.
- Reduce child mortality.
- Improve maternal health.
- Combat HIV/AIDS, malaria and other diseases.
- Ensure environmental sustainability.
- Global partnership for development.

## **Successes:**

Child mortality under age 5 halved from just over 12 million deaths a year to about 6 million & 1.9 billion more got potable water.

But really “MDG achievements” ?

# MDG SUCCESS CLAIMS:

- Child mortality under 5 halved from just under 12 million to about 6 million death per annum
- 1.9 million more got potable water
- Millions more in class rooms

# BUT...

- Child mortality was already in rapid decline by time when MDG's were announced. Biggest gains in Rich & High Middle Income Countries. In Least Developed Countries declined by 28%
- Biggest gains in China & India
- But teaching hasn't really improved much in least developed countries...

# Sustainable Development Goals

- 17 Goals
- 169 Targets & Outcomes
- 247 Indicators



# All things for all... Some of the goals

- Zero Poverty
- Zero Hunger
- Healthy lives & well-being for all at all ages
- Quality education
- Gender Equality
- Clean water & sanitation
- Affordable & clean energy
- Decent work & economic growth
- Resilient infrastructure for industrialisation & innovation
- Reduced inequality
- Sustainable cities...
- Etc.

# SDG a global attempt at what Myrdal had envisaged

- Overambitious
- Basically became a doctrine: the articles of faith in the belief of the all-mighty human

# Bjorn Lomborg: Best things first

A tecnocratic attempt to modify the SDG

- Tuberculosis
- Teach at the right level: Tablets  
1 hour/day
- Structured pedagogy: studies show 40% unplanned in classrooms
- Maternal & Newborn health
- Increase R&D in agriculture
- Malaria
- E-procurement - reducing corruption
- Nutrition for the first 1 000 days

# All these iterations have one thing in common:

- They retain their faith in intelligent design and the comprehensive central planning paradigm
- National governments remain the key deliverers
- They all fail to question aid *per se*

**And they will not question aid since an entire aid industry depends on ensuring that aid remains ineffective since that will prolong the rationale for their existence**



# The excuses flow constantly...

- Need to target community better
  - If we can just stem the corruption
  - The capacity building should be more practical
  - Access to low interest loans is required
  - The political / community situation became characterised by strife
  - Ad nauseum
- GTZ



# Some research that questions Aid

- Osborne (2002): Aid has a negative effect on growth in developing countries
- Knack (2001): Aid reduces the accountability of recipient countries to their own people
- Sørensen (2007): Aid is "demonstrably futile and even destructive".
- Elayah (2016): factors of deficiencies are locked into a cycle of corruption, weak policies & fragile institutions
- Finckenstein (2021): The Lebanon case of aid "sustaining the unsustainable, creating the wrong incentives and prolonging corruption"



# Russell Ackoff's f-laws



*If one corrects a mistake doing the right thing, things become better.*

*If one corrects a mistake doing the wrong thing, things become wronger.*

*It is better to do the right thing wrong than doing the wrong thing right..."*

# The voices that were cancelled...

- Frankel
- Bauer
- Hayek

# Peter Bauer

- LSE Chair in Economics
- The Economist describes him as **“the towering iconoclast amongst development economists”**
- Lord Bauer & Margaret Thatcher
- Vehemently against social engineering: spontaneous order that emerge from the millions of social interactions.



# Bauer

Widespread disregard for reality:

- It's the West fault that the LDCs are so poor (all mutations, whether through neglect or exploitation or manipulation of trade).
- Time amputations: How can one expect societies that only in the 19<sup>th</sup> C had first exposure to modern world to achieve economic levels of sophistication & diversification?
- It is time to question Aid itself

# Bauer's perspective

- Some people (& societies) have emerged from the surrounding sea of poverty earlier than others.
- The earlier emergence of the former helps rather than obstructs the prospects of the latter
- Economic performance depends on personal, cultural & political factors, on people's attitudes and aptitudes & motivations, and on protection of property and societal institutions

# Hayek: also Nobel laureate in 1974

- Hayek criticised Myrdal & others for encouraging governments to ignore individual rights.
- He doubted intelligent design: civilisation / culture
- Spontaneous order & tacit knowledge: evolution of social norms & the rule of law

Of course, compared with the precise predictions we have learnt to expect in the physical sciences, this sort of mere pattern predictions is a second best with which one does not like to have to be content. Yet the danger of which I want to warn is precisely the belief that in order to have a claim to be accepted as scientific it is necessary to achieve more. This way lies charlatanism and worse. To act on the belief that we possess the knowledge and the power which enable us to shape the processes of society entirely to our liking, knowledge which in fact we do not possess, is likely to make us do much harm. In the physical sciences there may be little objection to trying to do the impossible; one might even feel that one ought not to discourage the over-confident because their experiments may after all produce some new insights. But in the social field the erroneous belief that the exercise of some power would have beneficial consequences is likely to lead to a new power to coerce other men being conferred on some authority. Even if such power is not in itself bad, its exercise is likely to impede the functioning of those spontaneous ordering forces by which, without understanding them, man is in fact so largely assisted in the pursuit of his aims. We are only beginning to understand on how subtle a communication system the functioning of an advanced industrial society is based – a communications system which we call the market and which turns out to be a more efficient mechanism for digesting dispersed information than any that man has deliberately designed.

There is danger in the exuberant feeling of ever growing power which the advance of the physical sciences has engendered and which tempts man to try, “dizzy with success”, to use a characteristic phrase of early communism, to subject not only our natural but also our human environment to the control of a human will. The recognition of the insuperable limits to his knowledge ought indeed to teach the student of society a lesson of humility which should guard him against becoming an accomplice in men’s fatal striving to control society – a striving which makes him not only a tyrant over his fellows, but which may well make him the destroyer of a civilization which no brain has designed but which has grown from the free efforts of millions of individuals.

# Daar's 'n veel erger weergawe...



# Conclusions & some points for discussion



# Some personal perspectives

- See Aid for what it is: a self-perpetuating international industry built on articles of faith
- Determinants of complex outcomes are invariably plural & interrelated: mono causal explanations wrong
- Culture (complex set of social mores & habits) makes a difference.
- Cultural values such as output that warrants an income, pride in what one does, have an economic effect at both individual & societal level
- Cultural products are not value neutral or value free: embedded in enjoying their use are cultural demands & compliance requirements.



# Om aan te knibbel:

- Terwyl alle mense gelykwaardige regte het, het almal dieselfde potensiaal en attribute a la Myrdal?
- Het verskillende beskawings /kulture / tradisies meer ontwikkelingsdinamika as ander?
- Kan ons internasionale hulp-prioriteite aan SA beïnvloed en indien wel, hoe?
- Onderwys is 'n sleutel, maar dit moet kwaliteit wees: 'n geleentheid?
- Kan ontwikkelingsteun verleen word sonder om afhanklikheid te versterk?

# Friedrich A. Hayek



*"We shall not grow wiser before we learn that much that we have done was very foolish. The first need is to free ourselves of that worst form of contemporary obscurantism which tries to persuade us that what we have done was all either wise or unavoidable..."*