

Prime Minister

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PRIME MINISTER

CANCUN - A VIEW ON FOREIGN AID

This is a summary of the main argument on Aid by P.T. Bauer and Basil Yamey - two of the most distinguished scholars of development economics.

"Deficiencies and anomalies in the 30-year old policy of foreign aid might not matter much if it had served to promote the well-being of the peoples of the Third World. But it has not done so. It is simply not the case that 'foreign aid is the central component of world development', as asserted by Hollis B. Chenery, Vice President of the World Bank, in charge of economic research. Only exceptionally and in the most propitious circumstances can aid promote or accelerate economic advance, and then it can do so merely to a minor extent.

The effects of foreign aid have been quite different. Foreign aid has brought into existence the Third World, also called the South, and thus underlies the so-called North-South dialogue or confrontation. Its paramount significance lies in this very important, perhaps momentous, political result. A further pervasive consequence of aid has been to promote or exacerbate the politicisation of life in aid-receiving countries. These major results have gravely damaged the interests of the West and the well-being and prospects of the peoples of Third World countries.

The money spent by the West on aid in no way measures these crucial consequences. Whatever percentage aid is of their national incomes, the donor governments cannot wash their hands of the consequences of their so-called caring. Aid is not peanuts."

The manuscript of the Bauer/Yamey article is available if you wish to see it.

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