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**Chakravarti, A.** 2005: *Aid, institutions and development: new approaches to growth, governance and poverty*. Cheltenham: Edward Elgar. x + 190 pp. £49.95, cloth. ISBN: 1 84542 190 6.

Any farmer can attest to the impact that soil and environmental conditions have on crop yield. Acidity, nitrogen content, pests, moisture and other factors combine to create a favorable, or not so favorable habitat for developing seedlings. Ashok Chakravarti analyzes international aid with an analogous approach. Mainly, planting seeds of aid in countries with effective civil, government and economic institutions will likely yield success. But, planting aid in countries without these preconditions is a waste of scarce resources and time.

Founded on this reasoning, Chakravarti builds a powerful argument to develop preconditions for growth, which include a free press, civil liberties, a peaceful-voting

democracy, education, low inflation, low government consumption, property rights and effective bureaucracy. While none of this seems radical, his plan to till the soil of governance is.

In the preface, Chakravarti promises his argument does not taste of neo-colonialism or utopianism, but approaching his recommendations, one can certainly smell a bit of both. He calls to abolish multilateral 'technical assistance' organizations such as the United Nations Development Programme (UNDP), United Nations Conference on Trade and Development (UNCTAD), United Nations Educational, Scientific and Cultural Organization (UNESCO), International Trade Centre (ITC), Food and Agricultural Organization (FAO), ILO and several other UN agencies. Furthermore, he recommends restructuring the World Bank to streamline repeating and competing layers within the bank's worldwide offices and supports the International Monetary Fund (IMF) moving away from its neo-classical approach.

Chakravarti directs the \$16.0 billion saved to a private capital fund investing in not-yet-safe environments for traditional investors. He envisions 'forceful' aid flows linked to 'development compacts' facilitating greater dialog between giving and receiving countries. Such an arrangement would fertilize reform-oriented countries while explaining government distortions affecting growth to non-reformist governments and their people. He claims we must accept that aid has a political dimension and be up-front about political aims by constructing transparent goals, which offer recipients straightforward access to donor philosophy for economic and social change.

Chakravarti shines brightest defending his agenda through critiquing the efficiency of program aid, technical assistance, NGOs and the Bretton Woods institutions, which he insists have been unable to release the poor from a low-level equilibrium. Aid programs are built on shifting foundations warped by political-based giving to strategically important regimes, religions, colonial links and other

groups, he claims, resulting in frameworks lacking economic efficiency. Furthermore, aid can decrease domestic investment and maintain economic distortions.

Chakravarti begins by acknowledging some aid successes with health, family planning and educational infrastructure. He then turns to shortcomings of project and program aid resulting from their inability to influence fruitless government bureaucracy and policies. Lacking roots in local cultural imagination, many programs fail to sustain themselves after the flow of aid ends. As an example, he points to heavy machinery graveyards in poor countries, rotting away due to a lack of simple maintenance.

Next, Chakravarti exposes technical assistance programs and development NGOs as massive payouts to elite expatriate experts, which together with their travel budgets, account for 50–60% of related funds. However, Chakravarti claims civil-service NGOs, like watchdog and civil-society interest groups, can raise institutional quality and increase government effectiveness when home-grown and politically integrated.

Finally, Chakravarti criticizes the Bretton Woods institutions for their commitment to neo-liberal and other policies, which are unable to adjust economic backwardness due to 'structural rigidities, weak institutions, market imperfections, market failure and distortions introduced by inappropriate government policies' (p. 85). Even aid strategies rewarding countries with 'good policies' leave the impetus for positive change on receiving governments. Furthermore, measuring effectiveness is complicated by donor inclinations to flaunt small successes while explaining-away failures. This lack of critical analysis, explains Chakravarti, leads to programs that can actually worsen governments while enriching elite officials.

Chakravarti recommends augmenting the World Bank Comprehensive Development Framework with 'development compacts' to provide greater dialog with donor nations. He details recommendations for 10 developing

countries showing, in a Weberian fashion, how history, politics and local culture influence underlying institutional metrics.

This, however, is where Chakravarti's argument breaks away from the entrappings of moderation. He advocates intrusive aid 'dialog' and claims the 'international community has a responsibility to the people of the third world, not necessarily to their governments' (p. 110). He concludes aid strategies should 'be used in a forceful manner to influence the internal dynamics of developing countries such that they can break out of the vicious circle of poverty and underdevelopment' (p. 172).

This argument is not a new one. Chakravarti's organization, USAID (1967: 87) presented a paper 40 years ago stating aid should be leveraged by 'exerting influence on host country policies and programmes' and that 'existing government policies, priorities and administrative capacity should not be taken as immutable, but rather regarded as policy variables'. British participants at the conference dissented with two reservations. First, they questioned whether donor countries are competent to judge which policies will be effective in promoting development. Second, should donor countries impose their views, be they right or wrong, regarding development policies? The German contingent was wholly against interventionist aid, opting instead to act only after receiving aid requests submitted by countries. Conference proceedings recorded a view that 'in the American paper there was a tacit assumption that they knew best' (ODI, 1967: 32).

To some degree, Chakravarti establishes his situatedness on the issue when he claims 'Capitalism and democracy...are now increasingly seen as the only legitimate and productive forms of economic and social organization' (p. 172). Though, his concept of democracy is not thoroughly developed. Are the details of this definition left to multinationals, the US and other rich nations to 'benevolently' structure?

Chakravarti points out himself: 'it is common knowledge that the US has often sided with corrupt and authoritarian governments in the past for economic and strategic reasons' (p. 141). Also given that discourses of democracy have a sneaky way of evolving into wildly varying forms of rule, authoritarian structures and inequality, Chakravarti's argument for forceful aid intervention would resonate stronger with an analysis of such concerns.

Chakravarti calls for dialog with countries receiving aid and an acknowledgement of political dimensions inherent in giving. Yet, he does not fully address the ethical, political and structural barriers to implementing this 'transparent' framework. Furthermore, he leaves us without comprehensive justifications for deleting UN institutions. It seems his goal is to promote democracy by dismantling the only democratic structure in existence with a broad international constituency. Certainly such a position requires concerted ethical, cultural and historical justifications. This theme is underdeveloped, leaving us not completely convinced his radical proposals are justified.

To be fair, such expostulations could not be adequately addressed in the dense 180 pages Chakravarti uses to deliver his thought-provoking thesis. Its accessible and engaging research would be practical reading for aid and NGO managers. Development economists will find much to discuss with this book as well. For graduate or advanced undergraduate reading lists, chapters 3 through 6 offer a view into the labyrinth of aid and its political undercurrents. This historical critique is a helpful primer for understanding shortcomings of the international aid infrastructure. Its focus on domestic governance would compliment writings from Thomas Pogge (2002) and others who concentrate on international influences affecting the poor.

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## References

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