

Book Review

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"DOES AID WORK" - Robert Cassen and Associates, OUP, September 1986.

Robert Cassen's book "How does Aid Work" fills a certain void in the literature of economics. A fresh look at the role of Aid was very much needed as little has been written on the subject since the first flush of enthusiasm in the 1960s. Since then both Aid flows and research into the associated issues have stagnated. However, the 1980s have seen a restoration of Aid as a policy tool to help with the solution of two critical global problems:

- i) Disaster (famine etc.) in the Third World - specifically Africa
- ii) Servicing the Third World debt of approximately 1,000 billion dollars.

Cassen's study was commissioned by "The Task Force on Concessional Flows" established by the development committees of the World Bank and the IMF. Governments of both developing and developed nations contributed to its costs and thus ensured a certain objectivity in approach. The book makes no pretence at considering anything but the purely economic forms of Aid - there is little mention of political or strategic concerns or of military aid. While this is understandable as these raise major issues in their own right, large military or politically motivated financial transfers do effect the recipient economy in that capital becomes available for development-oriented projects.

Although this narrow definition of Aid is one limitation, Cassen's approach still lacks any revolutionary or innovative analysis. No new model of the effectiveness of Aid or even reforms or adaptations of previous models are suggested.

However, what he does is to provide a very comprehensive overview of the various different forms of aid that have been developed in the past. He studies the success of the 2-gap, Harrod-Domar model of growth and analyses the effect of aid on poverty. He reflects the prevailing thought of the 1980s which encompasses a return to the more traditional ideas on development - essentially characterised by the savings gap and trade gap which relate to the African famine crisis and the debt crisis respectively. He also emphasises that pure economic return in the form of profits is no longer the sole aim of Economic Assistance - we are obliged to consider income distribution, the effects on the environment and moves towards self-sufficiency as well. By relaxing the need for obvious financial results from Aid, Cassen is easily able to prove the effectiveness of Aid and its worthwhile nature.

As a handbook for possible donors Cassen's evaluation of the differing forms of Aid - project, programme, technical help, bilateral v multilateral is very useful. He declares that any failings in the past experience of Aid have been due to a lack of information or poor administration on the part of donors and recipients, not to an inherent weakness in the nature of Aid.

Cassen's book is essentially positive. He does not dwell on the institutional and cultural impediments to growth in LDCs, seeing a new approach to Aid based on policy co-ordination as a solution to these problems. He suggests that Aid does not fail on any larger scale than any other type of financial investment.

"Does Aid Work?" is not a difficult analytical book to read - in fact it could even be criticised for its lack of more theoretical economic analysis. It adheres very rigidly to the question of whether aid works and provides a very thorough, if slightly idealistic, case for the continued practice of bilateral and multilateral assistance.

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