

Aid Traps

by Janet Jagan -Dec. 24, 2006

I was reading a dated copy of the British publication "The Guardian Weekly" of June 23-29, 2006 and came across this interesting review of the book entitled "The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done so Much Ill and So Little Good" by William Easterly. Of course, the sub-title gives away the content, but this reviewer's analysis gives much food for thought.

"The White Man's Burden," as he recounts "is the spirit of benign meddling that lies behind foreign aid, foreign military intervention and such do-gooder institutions as the World Bank, the International Monetary Fund (IMF) and the UN."

We learn from the book review many things we already know or think we know such as the contention of the author that the do-gooders' fundamental flaw is that they are "planners" who seek to impose solutions from the top down, rather than "searchers" who adapt to the real life and culture of foreign lands from the bottom up.

He points to the lack of success by the "planners" who believe that an infusion of foreign aid and economic advice will lift poor countries into prosperity. The trouble is that it doesn't happen that way, because the basics are ignored or misunderstood, like the cultural, political and bureaucratic obstacles that "impede the delivering of real assistance ... to the world's poor."

The author, according to his reviewer David Ignatius, has assembled overwhelming evidence of how little has been accomplished with the hundreds of billions of dollars in aid money, the thousands of advisory missions, the millions of reports and studies.

He cites how 22 African countries spent \$342 billion (US) from the World Bank on public investment from 1970-1994 and another \$187 billion (US) in foreign aid over the period. The productivity level was zero!

In Guyana, we've had our share of these misconceptions and lack of understanding by outside institutions – too many to name over too many years. When we gained the government in 1992, after defeating vote rigging, we were stuck with a massive foreign debt of over (US) \$2 billion, for what, no one really knows. Certainly there was nothing much to show for such a massive debt whose yearly interest payments left us with very little funds to solve the multitude of social problems. We had, as evidence, cupboards in ministries stuffed with huge reports that no one read and were of little use.

I remember a particular problem the early PPP/C government had with the "do-gooders," the IMF. They knew exactly what they wanted to do to solve Guyana's problems. The first on the list was the denationalization of the sugar industry. But for a change, they were up against a man and his party who were not prepared to respond to the whiplash of money. President Cheddi Jagan flatly refused to abide by the orders of the IMF. He was put under intense pressure. Many advised him to give in if he wanted to get

funds from the international agencies. But they had met their “Man” and failed to conquer. Eventually, they had to back-off from their demands to privatize the sugar industry.

Just last week, the Sunday Chronicle reported that President Bharrat Jagdeo told the Inter-American Development Bank (IDB) that Guyana would not be using the bank’s Agriculture Exports Diversification Framework model. He told the representatives that Guyana is using its own model and “We don’t need complicated monitoring and evaluation schemes.”

Recently I wrote about the givers of aid for HIV/AIDS victims who have succeeded in closing down our manufacture of antiviral drugs to satisfy the donors!

These are examples, in addition to those outlined in Easterly’s “The White Man’s Burden” which amply endorse the fact that developing countries are now recognizing the dangers and frequent traps that hurt their people and their economies by those providing Aid and Loans. Time to wake up to these realities!

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