

Reviews

ROBERT CASSEN AND ASSOCIATES, *Does Aid Work? Report to an Inter-governmental Task Force*. Second Edition. Oxford: Clarendon Press, 1994. XVI, 317 pages, £ 12.95. ISBN 0-19-877386-2

Does Aid Work?, first published in 1986 and translated into German and Japanese, was a grand study commissioned by an international Task Force comprising a number of governments and involving about twenty researchers in various countries. This second edition, prepared by Robert Cassen, updates the original version. The book gives a comprehensive overview of the various aspects related to aid, including its macro-economic contribution, its relation to market forces, aid performance, technical cooperation, policy dialogue, and aid and poverty. It analyses these aspects on a general level, with case studies of seven countries (presented in the Annex), a small sample as the book admits.

The answer given to the question in the title is 'broadly positive'. Aid achieves developmental objectives. It contributes positively to recipient countries' economic performance, although there is little statistical relationship between aid and growth when all developing countries are considered together. The study quotes the World Bank's conclusion that 80 per cent of IDA projects achieve a rate of return of 10 per cent or more.

But aid is far from perfect. There have been a significant number of failures, although Cassen et al. rightly argue that there is no fixed criterion for an intolerable proportion of failures. Aid performance varies by sectors, region and country. African countries are often worse performers than Asian countries, and the study concludes that the poorest countries require a new approach to aid. The authors maintain that much depends on circumstances, both on the donors' side where commercial or political motives may dominate, and on the recipient's side, for example regarding its commitment to reduce poverty. Also, lack of coordination of aid (dealt with separately in Chapter 7) is a cause of failure, and the report stresses the need to strengthen the learning process.

Perhaps most crucially, on the criterion of relieving poverty, aid cannot be considered fully satisfactory. Because of commercial and political pressures, aid is generally biased towards major investment projects. Only 69 per cent of aid goes to low-income countries (Chapter 3) and 'very little' has been directed at the poorest 10 per cent of the population (p. 91). The

authors dispute that there is a trade-off between poverty orientation and efficiency, but donors have found poverty alleviation projects difficult to administer. Nevertheless, aid has had a significant impact on poverty, and aid agencies have learned in this respect.

Chapter 4 argues that the effectiveness of aid is closely related to the success of policy dialogues, and that improvements have been made in this respect. An effective dialogue requires skills on the recipient side, and donors tend to exert leverage. Dialogues about macro-conditionality are generally the most difficult, and the book describes differing experiences in this respect. In the case of India, the policy dialogue has been relatively successful, but even here there have been critical moments. There is still some way to go to make it a genuine two-way process.

The performance and evaluation of various forms of aid, program and project, are described in some detail in the next chapter. Of course, the record is varied: for example, the results in investment in agricultural research have been impressive; the results of integrated rural development projects mixed; and livestock projects in Africa show a high failure rate. Experiences with industrial projects are also diverse, and management is often identified as the weakest element. Cassen et al. also note differences between multilateral and bilateral agencies (a more systematic comparison is presented in Chapter 9). The former have been able to command better resources and have engaged in effective dialogues, whereas bilaterals have been more affected by the political and commercial dimensions of their goals. Still, the institutions are symbiotic. Chapter 6 deals with technical cooperation, which amounts to about 30% of total aid, but, according to the authors does not receive enough attention. Like project aid, most technical cooperation has been 'reasonably successful', but there is ample evidence of inadequacies in project design, project inputs, etc.

The study briefly discusses the relation between aid and market forces (Chapter 8), and it argues that 'aid is, on balance, a good friend of market forces' (p. 244). Development requires promotion of both private and public sectors. Aid has contributed to both, although it could do more to encourage certain private sector activities.

The report is unique in the literature on aid because of the wide range of themes and countries discussed in so much detail. As earlier reviews pointed out, it provides an impartial and objective discussion of these issues, and it avoids taking extreme stands. This is also evident in the answer to the main question of the book: yes, aid works, but ... One might argue that the authors' position is too balanced, or rather, that they define the objectives of aid so widely that the minimum criteria are easily satisfied. With a stricter definition of aid one could come to different conclu-

sions. If one were to focus more on poverty-alleviation, the aid record is probably not that positive. Also, the study is somewhat economic; as the authors themselves admit (p. 175), political and societal influences have hardly been dealt with.

This second edition is supposed to update the original version fully. Generally, it does so by adding an extra section to each chapter, briefly discussing the research since 1985. At times, for example in the chapter on aid and poverty, this does not do justice to the studies which have been published. Sometimes, for example in the chapter on policy dialogue, new information is integrated into the main text. This is slightly confusing: for example, it is noted (p. 208) that 'lately' British aid has come under pressure to increase the amount of tied aid, and one wonders to which period this refers. And when recent findings are mentioned at the end of the chapter, for example regarding the necessity of institutions of civil society (chapter on technical cooperation, p. 172), it is not always clear what these signify for the general conclusion. But these are minor criticisms in the context of the wide range of issues dealt with in detail, and collected in a book which is eminently readable.

Arjan de Haan

KARL REINHOLD HAELLQUIST, *Asian Trade Routes. Continental and Maritime*. (Studies on Asian Topics, 13). London: Curzon Press 1991. 292 pages. ISBN 0-7007-02121

This volume of the Scandinavian Institute of Asian Studies is a compilation of papers presented at the conference on "Asian Trade Routes" which was arranged by Per Sorensen and Niels Steensgaard. The articles cover a wide time-span from around 3000 B.C. till the 1930s; the geographical dimension is also enormous: Asia, split up in the categories West Asia, Central Asia and Afghanistan, South Asia, Southeast Asia and East Asia. Twenty-four internationally renowned authors give an excellent glimpse of the various trading activities of merchant communities and companies throughout the ages.

In his preface Niels Steensgaard points out the historical dimension of trade, which has always been and still is a complicated social act. Markets do not operate by the simple notion of supply and demand; there are obviously additional factors determining trade, markets, and politics. These are interdependent entities including a wide range of substructures like com-