World Development Report 1986,
World Bank, Oxford University Press

The World Development Report 1986, published by Oxford University Press for the World Bank, is the ninth in an annual series. Alongside the Bank's primary role of providing loan capital to developing countries, it is also an important provider of advice on economic development issues to both the international community and Third World governments. Underpinning this policy function is a large research programme. The World Development Report, usually launched to coincide with the annual meeting of the Bank's governors in Washington, is a major channel for the dissemination of the research results. The Bank's lending activities are separately described in its Annual Report.

The main body of the World Development Report usually consists of two sections. The first of these surveys recent trends and the future outlook for the international economy, with particular reference to developing countries. The second section delves in more depth into a specific and topical development issue. This year's choice is trade and pricing policies in world agriculture. Annexed to the main report each year is the World Development Indicators section – a set of economic, social and demographic statistics covering most countries. This is one of the most comprehensive and useful sets of comparative international data available from any source. It alone makes the World Development Report (cost UK£7.95) a worthwhile buy for anyone interested in development issues. The 1986 Report has as a central theme the need for greater use of market mechanisms to improve resource allocation and economic performance at international, national and sectoral level. Consequently, the Report has as recurring themes the removal of artificial pricing policies, reduced government spending, removal of international trade barriers, and the general opening up of markets.

Part 1 of the 1986 Report is entitled "The Hesitant Recovery and Prospects for Sustained Growth", a title which summarises its international economic diagnosis and prognostication. This traces what it sees as the modest recovery in growth since the 1980-82 worldwide recession. Looking ahead, the authors see prospects for maintaining this over the next ten years, though with different prospects for different countries. Also the Report remarks coyly that its glances into the crystal ball are not forecasts; instead "they merely illustrate what might be achieved if certain policies are pursued". The Bank's high growth scenario, that is if the type of policies it recommends are followed, involves annual average percentage growth in GDP per capita over the period 1985-95 for all developing countries of 3.9 per cent. However, in Africa growth of only 0.8 per cent is envisaged in a high growth scenario, falling to zero in a low growth scenario. Turning to "Trade and Pricing Policies in World Agriculture", Part II of this year's World Development Report highlights a fundamental paradox. This is summarised as follows:

> *"What is perhaps most surprising is the fact that it is the developing world which, on the whole, discriminates against its farmers, even though they account for large shares of Gross Domestic Product (GDP) and export earnings. And it is the industrial*

countries which provide subsidies to agricultural production, even though their farmers account for small shares of GDP and employment".

The Report, in the best traditions of World Bank research, qualifies this pattern in a clear, concise and graphical format. It goes on to argue that in both sets of countries the policies are inefficient and distorting. Furthermore, through their spillover effects on world markets, the protectionist agricultural policies of the developed countries damage the agricultural prospects of developing countries, except in the short-term in those which are net food importers. From a Trocaire perspective it is disappointing that on this latter issue no reference is made to Alan Matthews' book, *The Common Agricultural Policy and the Less Developed Countries,* published last year.

The best route out of the present difficulties in the authors' view is a dismantling of present agricultural policies on both sides, allowing prices in developed countries to rise. The Report has little time for more institutional responses to the dilemmas of world agricultural production and trade. Price stabilization agreements, compensatory finance facilities, trade preferences, and food aid, are all politely but firmly dismissed.

Coming in the wake of the African crisis of recent years and in the context of some pessimism regarding that continent's food outlook, this year's Report provides some grounds for hope. It points out that over the long-term the incidence of famine has in fact been falling. "Until the twentieth century", the Report states, "a famine was recorded nearly every year somewhere in the world, often with death tolls which, even by modern experience, were distressingly high. More than 10 million people may have died from famines in Bihar, India, in the early 1770s, in eastern India in the late 1860s, and in northern China in the 1870s". The Report notes that "Malthusian pessimism" still prevails about the prospects for food production in Africa. However, it notes, if prospects in that region seem poor this is not because all possibilities of technological progress have been exhausted, but because the introduction of new technologies has barely begun.

It would be a brave or foolhardy reviewer who would challenge the detail of any World Development Report. This is especially so since the Report is itself only the tip of the iceberg, being a synopsis of a large number of individual studies prepared by leading world experts in each field.

Where the 1986 Report and earlier ones might be queried is in the underlying and unshaken belief that the efficacy of the market is invariably the first best solution. This approach creates a certain inevitability about the conclusions which emerge from virtually any piece of World Bank research. These invariably involve increased use of market mechanisms to reduce economic inefficiencies and distortions, and a move away from any form of government interference with the free play of market forces. The inevitability of these conclusions leaves the reader wondering whether the painstaking analysis on which they are based was necessary in the first place. Linked with the Bank's strong free market ethos may be a tendency to overlook the non-economic factors – political, social and others – which affect governments' perceptions and decisions. For example, the agricultural pricing policies of both developed and developing countries have evolved not just from economic considerations but also from ones of equity or relative political strength. Decisions on whether or not to alter these policies will also be based on a variety of budgetary and non-economic considerations, with efficient resource allocation probably not a predominant factor. After all, the Report's prescription for world agriculture involves "developed" countries reducing the prices paid to their politically powerful farmers, and developing countries increasing the prices paid by their politically powerful urban dwellers. In these circumstances, the Report's view that "full liberalisation is unlikely" is probably both one of its most understated and most valid observations.

Jim Fitzpatrick

Twenty-five years of Development Co-operation, a Review; Efforts and policies of the members of the Development Assistance Committee, 1985 Report, OECD, Paris, November 1985

The debates about the role and effectiveness of aid continue unabated. There must appear to be a considerable element of circularity to the outside sceptical observer. The early criticism by the left that aid is largely given with the objective of influencing government behaviour rather than for development purposes is now echoed by the right's argument that government-to-government aid has no necessary impact on the alleviation of poverty. The early preference of the right that aid should come attached with strings and be used as a deliberate policy instrument now finds increasing favour with the left looking for ways to by-pass urban elites and reach out to improve the lot of rural villages and tenant farmers.

There is another, more favourable, way to interpret the history of aid in which it is seen as a learning process, where mistakes are acknowledged but where the emphasis is put on a steady improvement in the procedures of aid allocation and administration over time. To the extent that this has indeed been the case, much of the credit must go to the establishment and procedures of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

This Committee was established in 1960 with a two-fold aim: to raise the volume of aid resources and to harmonise and soften the financial terms of aid. Its membership now embraces the aid administrations of virtually all the industrialised countries and regular consultations are held with OPEC states. Learning from each other's ways of going about the aid business has been a main function of the DAC from the start. Its method of work, whereby each member's aid programme is examined regularly by a committee of its peers, and the resulting report and criticisms discussed in the Committee as a whole, has played an important role in diffusing knowledge of 'good practice' aid administration.

In addition, special topics (such as technical assistance or project evaluation) are sometimes chosen for examination, allowing each country to draw on the most useful experiences and results of all the others.

The DAC's annual report is the primary reference source for information and statistics on aid flows and policies. The 1985 Report commemorates its 25th anniversary and surveys many of the issues which the DAC has been concerned with during its life. Part 1 traces the evolution of aid (or Official Development Assistance as it is known in the official jargon). Part 2 concentrates on quantitative flows. It discusses trends and prospects in aid volume and allocation, the role of multilateral aid, co-operation with NGOs and aid trends in the context of total resource flows. Part 3 concentrates on quality of aid issues, improving the machinery of donors' aid administration, improving the use of aid in recipient countries, trends and issues in aid to selected sectors and efforts to reconcile the development and commercial objectives of DAC members. Part 4 provides an evaluation. One chapter examines a scorecard of the success of aid on its own terms, while another looks at the overall development performance of aid recipients.

The short chapter on NGOs is of particular interest to voluntary agencies. It begins with a table showing the amount and proportion of aid resources channelled through NGOs in each member country. The average for DAC members is 0.03% of GNP, and the highest figure of 0.08% is achieved by the Dutch NGOs. (Because Ireland only joined DAC in 1985, our figure is not included in this table, but it should lie significantly above the Dutch one). The chapter then discusses the different financial collaboration practices between NGOs and governments, and notes a trend towards greater flexibility.

The commentary stresses the comparative advantage of NGOs in reaching the poor, in using participatory processes in project implementation, in being innovative and experimental, and in carrying out projects at low cost. The important role of NGOs in development education is recognised, as is their growing interest in the evaluation of supported projects. The chapter notes that the fragmentation of NGOs at national and EEC levels has been a problem for governments in the past, but notes that this is being overcome through the formation of co-ordinating and liaison committees. It also advocates more co-operation between NGOs on a North-South basis.

The story told in the Report, perhaps not surprisingly, is basically a positive one. Mistakes are admitted, but it does not doubt that economic growth and the quality of life are higher in recipient countries because of aid. Part 4, dealing with the evaluation of aid, contains much useful reference material on economic and social indicators in the Third World over a 25-year span, but is less than convincing in explaining the role of aid. However, we are referred to a companion study by a group of experts on the effectiveness of aid, to be published by the OECD in 1986, for the detailed evidence.

The success of aid, and the proliferation of aid agencies, has brought its own problems, not least in straining the administrative capacity of LDCs. More than two dozen donor governments, ten multilateral development banks and funds, nineteen UN agencies and in some countries several hundred NGOs currently provide development assistance. The UNDP has estimated that in a recent year, for example, Lesotho was handling 321 different projects from 61 donors, while Zambia was dealing with 614 projects from 69 donors. Inevitably donors compete for the most attractive projects, and even the World Bank admits that the proliferation of projects may have undermined the development efforts of individual countries. Given the value each country or agency places on supporting 'its' projects in order to maintain the support of its public or constituency, the problem is not a passing one. The need for co-operation is recognised, particularly as donors increasingly wish to take part in a policy dialogue, but to date there has been little practical effect on the ground.

Alan Matthews

Ireland: Assistance to Developing Countries, Report for the year 1985, Department of Foreign Affairs, Dublin, May 1986.

Strictly speaking, Ireland has had an Official Development Assistance (ODA) programme since 1951. However, up to 1973 it was insignificant in size and consisted of contributions to agencies and funds consequent on Ireland's membership of the United Nations. From 1973 EEC membership greatly increased Ireland's multilateral obligations. The establishment of a bilateral aid programme (BAP) the following year altered the scope and nature of the programme giving it a more active, initiating role. The total programme has grown substantially in the last sixteen years: from £1.5m (or 0.05% of GNP) in 1973-74 to £39m (0.25% of GNP) in 1985.

As the financial allocation increased so did the range of activity funded. Since 1982 the Department of Foreign Affairs has published an Annual Report on the aid programme. The core of these reports is an account of the bilateral and multilateral programmes. On the bilateral side there is a description of projects being carried out in the four African countries designated as priority countries for the Irish bilateral aid effort, i.e. Lesotho, Tanzania, Sudan and Zambia; and an account of the other elements of the BAP, e.g. projects in other countries; support for education and training programmes, trade promotion organisations and agricultural research centres; personal service; disaster relief; development education; and the scheme for co-financing projects with non-governmental agencies (NGOs).

Multilateral assistance still accounts for 59% of the total aid programme. The projects and programmes supported via the EEC, the UN agencies and the World Bank Group are described in the Annual Report.

The Report details the quantity of Irish aid. As one might expect it is self-congratulatory about the £39 million or 0.25% of GNP expended in 1985. (The allocation for 1986 is £44 million.) This is in line with the targets set in the National Coalition's three year plan, *Building on Reality 1985-1987*. However, those targets were very modest. *Building on Reality* retreated from the concept of target annual increases of 0.05% of GNP until the United Nations target of 0.7% of GNP was achieved. It aspired instead to match the average annual increase actually attained since 1974 which was 0.015% of GNP. The principle of shielding the aid programme from cuts until the UN target was reached was adopted in 1974. Although the target increase of 0.05% of GNP per annum was achieved only once, its abandonment as an objective is regrettable. In future, and particularly if a new government is comparing its performance to its predecessors', the tendency will be to use the 0.015% increase as the touchstone, rather than the three times larger target accepted in the mid-1970s as a realistic and appropriate target for a country at Ireland's stage of development.

Has the way been paved for even poorer aid performance in the later 1980s than in the preceding decade? If increases of 0.015% of GNP per annum were to become the norm Ireland would reach the UN target in 2016 – a target that was to have been achieved by 1975 at the latest!

In terms of the quality of the Irish aid programme the Report informs the reader of evaluations of projects and organisations carried out during the year and describes an on-going evaluation of projects co-financed with non-governmental organisations. However, the results of evaluations carried out to date of programmes and projects in the priority countries are not intimated. It is frustrating to be given no hint of how successful they are judged to have been on the Department's own assessment. It appears that the raw material exists to look back over the last twelve years and catalogue achievements, disappointments and lessons learned. Perhaps it will be seen fit to include some of this interesting material in future *Annual Reports*.

In relation to development education the allocation for 1986 at £600,000 is more than double the previous year's level. This is partly explained by the establishment, announced in the Report, of the Development Education Support Centre (DESC). The new body will "aim to improve the national structural capacity for the implementation of development education" by providing professional expertise and assistance to organisations interested in carrying out development education projects (p.31). This expansion and consolidation of the development education programme is to be warmly welcomed. The activities of DESC and its success in playing a catalytic role will be watched with great interest over its initial three year trial period.

This year's report includes three thematie articles. The first, by Professor Dermot McAleese entitled "World Economic Recovery Continues" anticipates sustained growth in the global economy. It notes the impressive growth performance in the low income Asian countries in the first half of the 1980s and contrasts this with the depressing Afriean experience. It would have been very interesting to see the implications of this macro picture integrated into the coverage of the priority countries, especially the micro level implications, illustrated perhaps by a projeet case study.

An article by Alan Matthews describes "The World Food Situation and the European Response". The juxtaposition of food surpluses in Europe and famine in Africa continues to arouse strong emotion. This article disentangles the complex and ambiguous consequences for developing eountries of the EEC's Common Agricultural Policy. The third article "Famine in Africa" (unsigned) describes the scale of the EEC, Irish government and Irish popular response. It echoes the viewpoint expressed in the foreword to the report by Minister of State, George Birmingham that the response to the crisis was not fast enough nor decisive enough but that once it got underway properly in 1985 it was strong and impressive.

Mary Sutton

A Year in the Death of Africa: Politics, Bureaucracy and the Famine, Peter Gill, Paladin, London, paperback, 191 pages, UK£3.95, ISBN 0 586 08537 8

An African Winter, Preston King, Penguin Books, London, paperback, 249 pages, UK£3.95, ISBN 0 14 052365 0

The Challenges of Drought: Ethiopia's Decade of Struggle in Relief and Rehabilitation, Relief and Rehabilitation Commission, Addis Ababa, hardback 280 pages

Everyone concerned with the African famine, whether as an employee of one or other of the myriad aid agencies which eventually responded to the crisis or as one of the millions of individuals who donated cash to help the victims, must at some time or another, have asked why it is that the rich countries have to be so tardy when it comes to answering a request for aid.

In part we are slow because we do not address the real problem in any of these crisis situations; rather we continue to address other problems which are related to the real problem but which, at the material time, are not central. Then, when the real problem can no longer be ignored, there is a frantic scurry to redirect resources and manpower to answer the suddenly-apparent need. Redeployment is never an easy task and redeployment of thought, energy and direction are as difficult today for our different aid agencies as deployment from column of march to line of battle was for Napoleon's marshals. But at least those gentlemen employed scouts so that they would not be taken by surprise and, more importantly, they presumably believed the intelligence which was relayed to them.

Things were not quite the same in the run-up to the Ethiopian famine. We were warned of course. We were told of the impending crisis in Ethiopia both by the Relief and Rehabilitation Commission (RRC) of the Ethiopian Government and by the Christian Relief and Development Association (CRDA) which united all the voluntary agencies at work in the country at that time. There was a response by the voluntary agencies, and in Ireland an appeal was launched by the Disasters Appeals Committee of CONGOOD in July 1984, a full three months before the Michael Buerk report was shown on the television screens of the world. That July appeal was not a success if we measure success in terms of the later response to the Buerk report but it did at least show that the Irish agencies were listening to the scouts – and believing them.

Peter Gill in his book *A Year in the Death of Africa* has a very good account of the reception by the world of the news of the impending famine given to representatives of donor organisations and countries in Addis Ababa on March 30, 1984. A document given to these representatives spelt out quite starkly what the future held in store for the Ethiopian people: "Ethiopia is facing a potential disaster of considerable magnitude in which, this year, around one-fifth of the country's population will need assistance in some form or another. If those affected do not receive relief assistance, the consequences will be quite frightening". In its list of estimates of the number of people affected in the different regions of the country, the RRC indicated 1.7 million out of a population of 2.5 million in Wollo and 1.3 million out of 2.4 million in Tigray. The RRC estimated the actual need was for 900,000 tons of grain but it concluded that the country's distribution network could not handle this amount and that an appeal should be made for half of this, 450,000 tons.

That this amount of grain was not forthcoming in time to avert the worst of the famine is now a matter of record. That a Food Security Reserve which was to have been set up following the famine of the 1970's and which was agreed by the UN and by the donor countries is also a matter of sorry record. By 1982 there had been some action; the UN had delivered the 12,000 tons which it had agreed. In 1985 the Dutch Government contributed 5,000 tons and that, as Gill notes, was that. And so the story goes on.

Incompetence, donor fatigue, bureaucratic in-fighting among the UN agencies and simple bureaucratic delays undoubtedly cost hundreds of thousands of lives. The *danse macabre* of Horn of Africa politics added to the famine toll. Preston King in his *An African Winter* examines the tortuous politics of Ethiopia in some detail as well as the background to the Ogaden war with Somalia, that extraordinary country which, to exist, must live on the margins of peace and war, playing off one super-power against another to ensure an adequate flow of international aid. The sad chronicle of the Eritrean thrust for independence from Ethiopia is also there as well as the imperative for the Ethiopians of retaining control of Assab and Massawa, the two port cities on the Red Sea through which Ethiopia reaches the world. Djibouti and the vital rail line to Addis Ababa are placed in their colonialist context and we learn again of the crucial role of rail transport in what is a desperately poor society.

Preston King's picture of Africa is an exceedingly depressing one. The peoples of Africa are just so many cyphers in the lethal games of others: people without power or resources, at the mercy of a hostile environment, plagued by drought and desertification, unable to reach even to a subsistence economy, never mind development. Meanwhile, the world carries on with its business, ignoring the reality for as long as it possibly can, caring only when its sensitive conscience is affronted by the sight of people dying for the want of food, refusing to give that which alone will prevent future outraging of conscience: adequate, consistent development aid.

One of the more hopeful signs in this desert of hardship is the systematic fashion in which some of the Africans are trying to lift themselves by their own bootstraps. The Ethiopians determined never again to be caught by famine as had happened in 1973 and the gearing up of the Relief and Rehabilitation Commission of Ethiopia was part of their answer. *The Challenges of Drought: Ethiopia's Decade of Struggle in Relief and Rehabilitation* tells the story of Ethiopia's attempt to deal with its own problems and of the setting up of a fairly sophisticated early warning system to forecast impending food shortages. We know that this system worked for we have the evidence of it in the different appeals for aid which have come from Addis Ababa since 1973. Unfortunately, these appeals were so frequent that the donor community became fatigued and what was meant to be a preventive system was to a great extent ignored by the rich countries until it could no longer be so ignored. This book is for the record, a telling judgement on the response of the developed countries to the crisis.

No doubt we all have learned something from the African famine of 1984/1985. Mistakes were made then which will not be repeated. Unfortunately, we know too that we will make other and new mistakes which, in the aftermath of the next major famine, will yield yet a further crop of 'useful' books which will help avoid some mistakes and still allow room for yet another new crop. And so it will go on . . . .

Tony Meade

The Scope for Sanctions: Economic Measures against South Africa, Richard Moorsom, Catholic Institute for International Relations, London, paperback, 102 pages, UK£3.95, ISBN 0 946848 66 1

The issue of sanctions against South Africa is a divisive one with proponents and opponents accusing each other of a short-sighted desire for revenge or narrow self-interest. It is agreed by both that South Africa is very dependent for its survival on the international economy. More contentious is the question of the effects of sanctions on the apartheid regime and its trading partners in Africa and further afield. Richard Moorsom crystallises this discussion, arguing that the desirability or otherwise of sanctions must be considered alongside their effectiveness.

His book contains a useful picture of the current trading position of South Africa as well as the commodities, services, raw materials and foreign investment at stake. One theory subjected to critical analysis is that which calls for progressive sanctions. This is rejected on the grounds that either it would allow Pretoria to adapt to each stage or gradually destroy the economy as a whole. Moorsom echoes the call of a number of black leaders for mandatory, comprehensive sanctions properly enforced by the international community.

South Africa's dependence on foreign trade for survival makes it extremely vulnerable to sanctions. A relevant factor here is the predominance of investment by transnational corporations (TNCs) which are less susceptible to pressure from individual governments. TNCs play a key role in supporting the apartheid regime by their very presence which demonstrates to the world their faith in South Africa and its economic viability. This confidence remains an unpredictable factor. TNCs also support the regime by sales of military equipment, evading the arms embargo through the supply of dual purpose items such as radar and computers.

Moorsom discusses the impact of sanctions in the short and the long term. He concludes that only sanctions on gold and oil will have a significant effect in the short term. If a longer term strategy is adopted then a wider ban on investment, loans, foreign trade, emigration, transport links, and technology exchange will be crucial as a means of either directly breaking the regime over a number of years or supporting anti-apartheid activists in South Africa working towards that goal. Many of these measures will have unforeseen effects, the author admits. What is certain is that they will contribute to an erosion of business confidence in an increasingly besieged economy.

An argument against sanctions which is often heard is the resultant job losses in South Africa and in Britain, one of Pretoria's main trading partners. While the author contends that further research is needed into the anticipated levels of black unemployment it is a pity that he directs so little attention to this topic compared to job losses in Britain and that his findings are so inconclusive.

A great deal of coverage is given to the implications for workers in the United Kingdom where estimated job losses vary between 70,000 and 250,000. The United Kingdom South Africa Trade Association (UKSATA), a powerful anti-sanctions lobbyist, calculates that 70,000 jobs are at risk resulting from the loss of British exports and 180,000 from the loss of South African inputs to UK manufacturing. However as Moorsom points out the UKSATA offers little evidence to support these figures and they remain highly questionable. Mrs. Thatcher and her officials appear to have adopted 120,000 as the likely damage but again the figure is unsubstantiated.

Moorsom argues convincingly that redundancy figures will be much lower, 'a few thousand', and even these will depend on the type of sanctions imposed and government/company action to mitigate the worst effects. It appears that many large British firms are already anticipating the bite of sanctions but believe the threat to jobs in the UK will be minimal.

The need to enforce sanctions is also discussed but not in great detail. A military blockade would be the most effective method but is only a remote possibility. Satellite surveillance of shipping and the control of movement of goods are also important. The effectiveness of policing action greatly depends on the commitment of those imposing the sanctions and Moorsom dismisses finally the alleged failure of sanctions against Ian Smith's Rhodesia on the grounds that the situation of the two countries is quite different. A number of TNCs continued to defy sanctions and supplied ore to Rhodesia which had strong trading links with South Africa where much of its overseas trade was successfully laundered. By contrast South Africa today is physically isolated in Africa and even though Pretoria will almost certainly pressurise the front line states to collaborate in evading sanctions any sudden upsurge in trade through Botswana, Swaziland or Zimbabwe should be easily detectable.

This compact book contains a generous dose of clear thinking on an issue that is often obscured by rhetoric and thinly veiled self-interest. It is recommended to anyone who cares about the future of South Africa.

Fergus Mulligan