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**Applying Musgrave's Branches of Government Expenditures to ODA:
Tentative Estimates**

1. Introduction

Although a global theory of public finance remains to be established an analysis of Official Development Assistance (ODA) with a perspective from traditional public finance theory seems useful. After all, ODA flows are public expenditures. Development aid is a phenomenon of the post-1945 period. The OECD's (1985, pp.65-89) »Chronology of Development Co-operation« starts with 1944, Bretton Woods, although none of the two institutions was initially meant to provide aid, nor did they do so at that time. The words »and Development« were glued onto the original name »International Bank for Reconstruction« upon the insistence of developing countries participating at Bretton Woods (Raffer 2003; Raffer & Singer 2001) - the International Bank for Reconstruction and Development (IBRD) came into being. The great risk of an impoverished Western Europe in the bipolar world made the US reconsider the IBRD's ability to guarantee quick reconstruction and poverty reduction. The Marshall Plan, special programmes (Turkey, Greece), and a generous loan to Britain were deemed more appropriate to immunise Western Europe against communism. Relatively high IBRD interest rates were apparently one reason. Benefitting from the glued on »Development« IBRD officials toured the South to drum up business (Caufield 1998, p.56). Nevertheless, until McNamara the IBRD perceived itself as a »bank« whose business-like approach precluded financing social activities. It not only refused »messing around with education and health« or a water treatment plant, but even forced Columbia not to accept a French loan for waterworks (*ibid.*, p.64). This stern opposition against social expenditures is quite a contrast to the IBRD's present PR-image of concern about smiles on children's faces.

Independent countries existing before World War II which would be characterised as »developing« nowadays did not receive transfers comparable to present ODA. Colonies received resources, one root of ODA still highly visible in its geographic distribution. European colonial powers established the predecessor of the present Development Assistance Committee (DAC) named Overseas Territories Committee within the OEEC in 1949 (Raffer & Singer 2001, p.67).

The first aid programme after 1945 - the Marshall Plan - was much more generous than ODA later on. It had strong effects on foreign aid. It is not implausible to argue that ODA would not have become such a characteristic feature of post-War North-South relations without it. The generous level of Marshall aid - 2-3 per cent (excluding military aid) of US-GNP during 1948-53 - raised high expectations. Stimulated by the experience of the Marshall Plan a (Special) UN Fund for Economic Development - (S)UNFED - was proposed by the »wild men at the UN« (among them Sir Hans Singer) to administer large scale soft aid (Raffer & Singer 2001, pp.65f). But neither the Fund nor these generous terms, let alone the volume of Marshall aid, were realised.

ODA's focus has shifted repeatedly. During the Cold War ODA was one instrument in the arsenal of cold warriors (cf. Raffer and Singer 1996). Meanwhile, international co-operation among governments has become much more intense, reducing the once more important role of ODA. Aid itself has shifted away from financing domestic development needs towards addressing common global problems (Raffer 1999). Although based on different definitions of Global Public Goods (GPGs), all estimates (*ibid.*, te Velde, Morrissey and Hewitt 2002, IBRD 2001) show a perceptible increase of GPG-shares in ODA at the expense of traditional aid. The former two define their GPG-concepts in detail. Unlike the other two, the IBRD does not give sufficient details to check the plausibility of its estimate.

Te Velde *et al.* (2002) differentiate between national and international public goods, the former having benefits accruing largely, if not entirely, to a country's residents. They estimated donors (defined differently to include multilateral institutions separately as well) to have allocated 10 per cent to GPGs during the late 1990s. However, as nearly 30 per cent were allocated to national public goods this result is not that different from Raffer (1999), »who includes as public goods such items we refer to as national public goods« (te Velde *et al.* 2002). Their differentiation reflects further evolutions of the discussion after 1998. Te Velde *et al.* (2002) also exclude items, such as poverty reduction activities. The single most important excluded item is debt relief, because such expenditures - while they may be included as a complementary activity - have a high degree of excludability and non-rivalness. This may be seen as problematic because many expenditures have this quality, but the good »freedom from sovereign debt burdens« is neither excludable nor rival. Depending on one's view on the effects of a debt overhang, one may see it as a national or an international public good. Including it would increase the share of GPGs of te Velde *et al.* by 10 percentage points. Taking account of differences in definitions - both definitions are plausible - the results of te Velde *et al.* (2002) and Raffer (1999) are surprisingly similar.

The perceptible increase in ODA-financed GPGs, which are at least as much in the donors' as in the recipients' interest, has triggered a discussion on the role of ODA. Kaul and Le Goulven (2003) equate ODA and GPG-expenditures with Musgrave's (1959) branches of public finance: official aid should thus be the international distribution branch, while GPG-expenditures would be allocative. This paper tries to apply Musgrave's (1959) branches of public expenditures to ODA flows. As will be shown below this is difficult and quite a few caveats are necessary. Nevertheless, the paper's findings corroborate other research showing a perceptible shift of ODA towards accommodating donor interests after the demise of communism.

2. Musgravian Branches and ODA

In his influential textbook on the theory of public finance Musgrave (1959) differentiates between different functions governments have to fulfil, which he connects to different branches of public expenditures. He sees three objectives of budget policy:

- *Allocation*, which provides public goods and »merit wants«. The latter are goods and services provided by the market but considered so important that they are financed over and above what the market would provide. Musgrave mentions subsidised low-cost housing and free education. Internationally this branch, which is to secure the efficiency of economies, can be seen as providing GPGs. The sometimes quite broad definition of GPGs, however, may also suggest a more restrictive view than simply subsuming all GPGs under allocative.
- *Distribution*, which is to secure the proper state of distribution by correcting the pattern of effective demand, or to secure a degree of equity. »This decision evidently cannot be made by a market process.« (*ibid.*, p.19). One may well argue that subsidised low-cost housing and free education could be subsumed under "distributive" as well.
- *Stabilisation*, this »newest« branch is to maintain a high level of economic activity, to keep departures from high employment and price stability within »tolerable limits«. It has the Keynesian function of compensating effective demand shortfalls to equilibrate demand and production capacities.

Although a theory of global public finance is still lacking, the increasingly globalised behaviour of countries and big actors apparently induces people to search for first indications of already recognisable forms of global »government« comparable to state functions in the domestic economy. If one does so, official declarations and the OECD's definition of ODA make one think of the distributive function of domestic budgets. Officially ODA is assigned the task of correcting the skewed distribution of income, wealth and possibilities between rich and poor countries. This is apparently the reason why Kaul and Le Goulven (2003) equate ODA with

Musgrave's distribution function. Financing GPGs, such as measures to protect the global environment, clearly fit Musgrave's description of the government's task to secure the provision of goods and services the market would not provide (sufficiently). Public money financing GPGs thus fulfils Musgrave's allocative function. As flows presently subsumed under ODA by donors are public funds financing both »traditional ODA« and GPGs, Musgrave's distinction calls for an analysis of ODA-flows, applying his analytical classification.

The Stabilisation branch does practically not exist on the international level. The flows subsumed under employment by the OECD's Creditor Reporting System (CRS numbers 160 and 161) have always been considerably below 1 per cent of the total. For 1974-86 no payments at all were recorded. While fighting inflation is one of the declared goals of structural adjustment, it is not the only one. It may at least as easily be subsumed under the first branch - if not more so. Therefore it seems best to restrict an analysis of ODA under the aspect of Musgrave's branches to two sectors »Allocation/Efficiency«, and »Equity/Distribution«.

It becomes immediately obvious that the generally accepted ODA-definition of the OECD's Development Assistance Committee (DAC) does not cover all three Musgravian branches. ODA must be »administered with the promotion of the economic development and welfare of developing countries as its main objective«. This would largely exclude the allocative function, with the possible exception of merit goods, unless strictly regional GPGs or Southern club goods are financed in the South. As the stabilisation branch is virtually absent internationally, ODA understood strictly pursuant to the DAC-definition would in practice have to be equated more or less with Musgrave's distribution branch plus activities with high distributional effects that Musgrave subsumed under allocative (such as subsidised housing).

In practice, though, ODA has always financed a certain share of GPGs in spite of the DAC's strict definition. The DAC has honoured its own rules in breach at least as often as in observance. Expenditures for the Organisation of American States, the Intergovernmental Commission on European Migration, and parts of the regular budget activities of the Universal Postal Union or the International Telecommunications Union have been recorded as ODA, although international management appears to be the main objective. Briefly, OECD-donors have breached their own rules over decades by violating their own ODA-definition. After the Cold War expenditures for GPGs increased perceptibly, as all estimates prove.

Transposing Musgrave's categories is also somewhat difficult because quite a few transfers might be caused by motives largely absent in domestic public finance, such as rewarding voting behaviour in international organisations, supporting military allies, or simply promoting exports by lowering prices. Unfortunately, ODA is recorded according to what donors declare to be its motive. Thus the road

C.A.12 in Nicaragua was apparently booked under infrastructure. It led to one of Somoza's *fincas* and was part of his reward for allowing the Bay of Pigs' invasion to start from Nicaragua (for this and similar cases *v.* Raffer and Singer 1996).

ODA has always been used in order to buy political influence, concessions, or economic gains for a »donor's« exporting industries or transnational companies. Alesina and Dollar (2000, p.41), for instance, "find considerable evidence that the pattern of aid giving is dictated by political and strategic considerations". Donors "pay more attention to democratic institutions strictly defined rather than a broader definition of civil rights and law enforcement." (*ibid.*, p.41) regarding voting patterns in the UN they find that the more often developing countries vote with donors, the more aid they get. Voting 73 per cent instead of 64 per cent of the time with France aid - one standard deviation more often on the French side of the ballot - nearly doubles French aid. The same increase of one standard deviation translates into increases of 78 per cent for US aid and 345 per cent of Japanese aid. Whether aid causes UN votes or *vice versa*, whether payment is effected *ex ante* or *ex post*, is practically less relevant than the clear connection established.

In such cases simple economic deals, payments for services rendered, are anointed aid. The cloak of philanthropy hides real motives. The IBRD (1990, pp.127f) concluded: »Many 'aid' programs in donor countries cover an assortment of activities (including commercial and strategic initiatives) which often have, at best, a tenuous connection with development.« It even saw the borderline between military and development aid »sometimes blurred; the definition of the country of origin usually prevails.« (*ibid.*, p.253) The OECD (1992, p.5) acknowledged the strategic importance of aid, seeing the end of the Cold War as an impediment to increased ODA because of »growing uncertainty as to the context and rationale for development assistance in the post Cold War world.« This does not suggest Musgravian distribution, or development and welfare of recipients, to be highly relevant. Clearly, some ODA does not fall into any Musgravian category. Increased conditionality since the 1990s corroborates this view. The US *African Growth and Opportunity Act* and the EU's Cotonou Treaty (cf. Raffer & Singer 2001; Raffer 2002) make ODA contingent on substantial concessions, such as access for private foreign business. »ODA« would then disguise business deals.

Neumayer (2003) presents the most recent and an excellent 9 page survey of multivariate regression studies on the determinants of aid allocation. Neumayer uses a Heckman model differentiating between an eligibility stage (selection of recipients) and a level stage (determining amounts actually received). While, apart from colonial ties, donor interest plays hardly any role at the eligibility stage, its »hard aspects« (colonial experience, export and strategic interests) are often statistically significant at level stage. In plain English: while small sums are not visibly connected to donor interests, substantial aid is.

All estimates so far show that the interests of donors are clearly dominating, while none supports the hypothesis that recipient interests may be the important factor explaining aid flows. In other words: the necessary condition for ODA - that the promotion of the economic development and welfare of developing countries must be its *main objective* of any flow - is not vindicated by empirical research.

This is also corroborated by official OECD declarations. The OECD (1996, p.55) formulated quite frankly with regard to the role of official finance: it »helps to seed and reinforce« expanding private flows from abroad. Aid is seen as a handmaiden of private profit interests (cf. also OECD 1998, p.57) - more precisely of Northern profits, as most capital originates there. In many countries in the South privatisation means selling to foreigners because locals lack the necessary money. State-led development seems to be replaced by state-subsidised private business.

One should, however, note that this is not necessarily a technical breach of the DAC's ODA definition. As long as a flow is administered with the »promotion of the economic development and welfare of developing countries as its main objective« (as demanded by the OECD's own definition) they are correctly considered as ODA from a purely logical and technical point of view. People do disagree on what »welfare« or »economic development« means, and there is arguably even more disagreement on what measures promote them. However an actual increase in welfare or an actual promotion of development is not necessary - the intention suffices, as Raffer and Singer (1996, p.4) point out. Thus, the »main objective« criterion applies automatically, unless the donor's intentions to the contrary (for example doing harm, having another main objective) can be conclusively proved, which is next to impossible. Even activities pointedly called »lethal aid« by Brigitte Erler (1985), a German ODA-critic, are ODA if the main (not even exclusive) objective is to promote welfare and development. There is no logical reason not to include military activities if soldiers shoot or kill mainly to promote welfare and economic development (Raffer and Singer 1996, p.4). Naturally, there is even less reason to exclude support for neoliberal policies unless the intention of ripping off recipients can be proved. Damages actually done would not preclude the classification as ODA if inflicted with good intentions.

If one simply characterised all GPGs as allocative, since they provide public and merit goods, one could just update the existing three different estimates of GPG-shares in ODA. Basing this analysis on Musgrave, equating the distribution branch with Equity, and the allocation branch with global Efficiency, one should, however, proceed in a different way. Merit goods are qualified as distributive because they also provide more equity in Musgrave's own definition. Focusing on Musgrave and the distinction allocative-distributive a definition diverging from GPGs as in Raffer (1999) suggest itself, who was guided by official declarations of what donors saw as GPGs. Housing or employment policies, for instance, are now subsu-

med under Equity. Water supply and sanitation can both be seen under the aspect of environmental protection or of improving the standard of living. While these sectors have spill-overs, distributive effects are stronger. Their direct impact increases equity. This understanding of Equity and Efficiency suggests the following ODA-classification:

Efficiency/Allocative: Environment protection (CRS-codes 410 and 31130), medical research (12182), Infectious disease control, health education and personnel development (12250, 12281-2), combatting AIDS (13040), water resources protection, small systems (14030), waste management (14050), strengthening civil society (15050), employment (160, 181), narcotics control (16361), transport, communication, energy (210-230), parts of forestry (31220-31282), WID(420), support to NGOs (92), fostering development awareness (99820).

Equity/Distributive: Anything but sectors mentioned above and below under »Non-Musgravian«, including emergency assistance (700), Post-conflict peace building (15061) Demobilisation (15064), and food aid (520). A category of public expenditure that can be subsumed here is humanitarian aid, many items of which, however, would not fit the OECD's ODA definition (Raffer 1998). Measuring it is a bit tricky, as no agreed definition exists, and spending is recorded in differing ways, not always as ODA-flows. Development Initiatives (2003) provide a very useful categorisation comprising both expenditures recorded as ODA and others. This paper would place them under Equity. In contrast to Efficiency and although not all items comply with the DAC's own ODA-definition, Equity might somewhat simplifyingly be called »traditional aid«.

Non-Musgravian: Business and privatisation (250), which in most cases means selling to investors from donor countries, import support (53030, 53040), which is straightly connected to donor interest, unallocated/unspecified sectors (99800, 99810), and »Unknown« (0) fit into no Musgravian branch. Nor do administrative costs (91010), which could be allocated pro-rata to the branches. But this would, at best, not provide additional information. The chunk of this category are expenditures so clearly reflecting donor interests that trying to allocate them to the two branches above would be wholly unwarranted.

Estimates of the evolution of Musgravian shares have to rely on the OECD's CRS, which starts in 1973. It is detailed enough to allow differentiating, although only by accepting the officially declared purpose at face value - which, as explained above - is highly problematic. As shown, declarations and motives may and do diverge. Nevertheless, shifts of expenditures clearly visible in declared purposes may also provide useful information. Therefore, an analysis of CRS-data based on this perspective is justified. The methodological problems of the CRS are discussed in great detail by Raffer (1999).

3. Early Recording

The first OECD publications do not allow any grouping of ODA according to Musgrave's classification. Necessary information is not provided. The OECD (1961, p.7) clarified, however: "As emphasised in the previous report, no attempt was made to distinguish capital extended primarily to help overseas development from that provided for commercial or other reasons. However, assistance provided for expenditures of a military character has been excluded." Distinctions between official and private flows – both parts of "total flows" – were made from the start, though. Reparation and Indemnification Payments by Japan, Italy, and Germany were part of "Government Finance", or ODA in modern lingo. Some donors routinely granted "aid"-loans by adding a spread to their own financing costs (cf., e.g., OECD 1961) – combining business and »philanthropy« in a way minds more critical than I might be tempted to call hypocritical. In parenthesis one should note that present low interest levels are again highly supportive of such practice. Purely commercial activities were recorded as aid, such as investments in multilateral bonds. So was government lending over one year (OECD 1967, p.21) irrespective of terms. The all time aid peak (0.54% of GNP) in 1961 "contained certain special elements, notably an exceptionally heavy volume of I.B.R.D.-bond purchases by the central banks of Germany and other countries, which tended to exaggerate the increase in that year and made the subsequent levelling-off in the total seem more abrupt than was the case for the distributions directly financed by governments." (ibid., p.29) Clearly, such normal business activities would not fit any Musgravian perception of public finance.

Costs of colonial administration – donors' overseas departments and territories were "developing countries" – might arguably be seen as Musgravian government expenditure. In a purely technical sense – i.e. without any value judgement on colonialism itself – they are. These were quite substantial. In 1961 39 per cent of UK grants were to dependent territories.

"Bilateral grants (excluding technical assistance) go mainly to the remaining dependent territories of the Commonwealth, or to countries which have recently become independent, as part of their 'independence settlements'" (ibid., p.97). The first group "I. Capital Project Financing", only distinguished between Agriculture; Forestry and Fishing, Transport and communication, Development of energy resources, The Indus Basin Fund, Industry, and Social infrastructure, plus a category "Type of project still to be specified". "III. Non-project assistance" differentiated between cash transfers not directly linked with imports and financing imports. By contrast, tables produced information on loans by maturities. Technical Co-operation was presented in great detail. Food & commodity aid was the only fairly specific item. This data situation might reflect contemporary concerns, but any attempt to classify according to Musgrave's branches would be pure guesswork.

The ODA definition adopted by the OECD in 1969 after heavy criticism by Myrdal (1970 summarised it) was not only a definite change to the better, but also a break regarding the quality of aid recording.

4. Changes in Musgravian Shares

The CRS time series »Commitments« covers roughly 30 years. Analysing percentage shares one must recall that ODA expressed in GNP - now GNI - percentages has been falling perceptibly. For 2002, and especially 2003 CRS-data are provisional and particularly incomplete. 2003 is not included as records are still so incomplete that they cannot warrant any conclusions – figures might even be misleading.

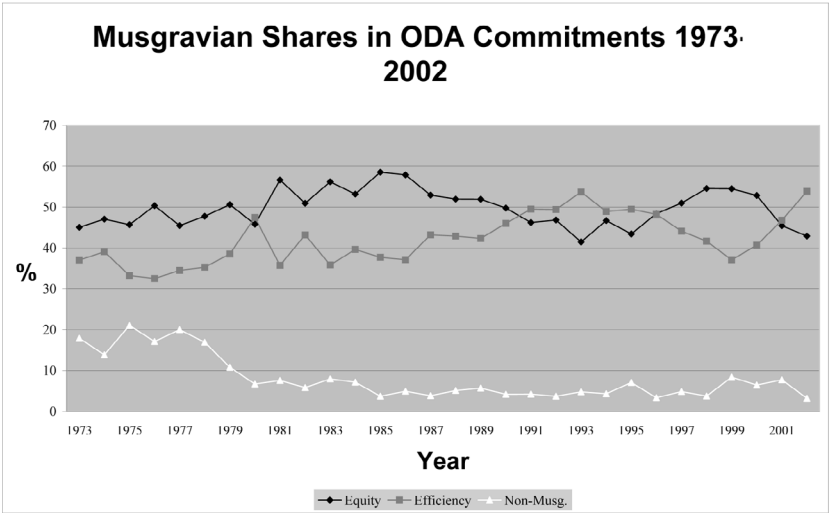
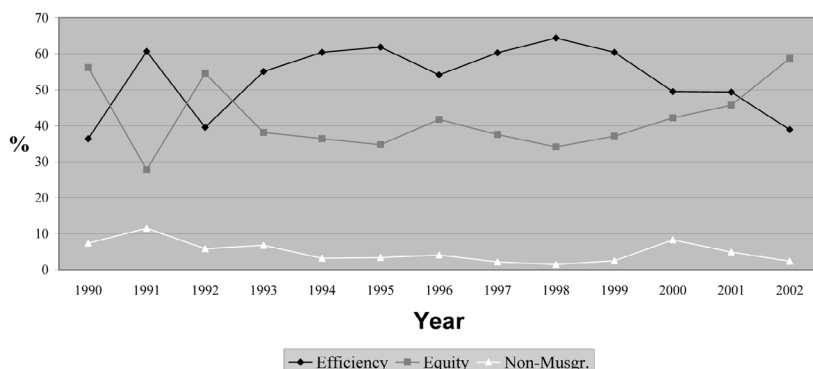


Table 1 shows Musgravian ODA-shares. With the exception of 1980 (Efficiency 3.6 per cent higher than Equity) traditional aid was always the largest part of commitments before 1991. During 1991-2002 Efficiency was usually higher (seven years), in 1993 by nearly 30 per cent. The fairly big difference in 2002 is based on data that might be too provisional to justify firm conclusions. Meanwhile, the OECD publishes CRS-data of disbursements for 1990-2002, with 2002 still highly incomplete. Commitments and disbursements usually diverge substantially. In the case of Disbursements Efficiency was higher than Equity in all years except 1990, 1992, and possibly (with a strong caveat – data are still highly incomplete) 2002. The clear shift away from traditional aid (Equity) is even more pro-

nounced than with commitments. Money spent more in the donors' interest seems to flow more readily, while commitments are more easily obtained for nobler goals. This clear shift in aid allocations is in line with all GPG-share estimates.

Table 2: Musgravian Shares in CRS-Disbursements (1990-2002)



Infrastructure-Energy (210-230) was a substantial part of Efficiency, especially during the 1980s (peaking at about three quarters in 1984). It was around half in 1991, high through 1996, then falling a bit. Bilateral financing of water projects («Water Supply and Sanitation») grew by 9 per cent p.a. in real terms during 1973-93, then falling again slightly (OECD 2003, p.181). During 1997-2001 the large chunk went to «water supply and sanitation, large systems». Flows are concentrated. «Only 12% ... in 2000-01 went to countries where less than 60% of the population has access to an improved water source, which includes most of the least developed countries.» (*ibid.*, p.185) In spite of «data quality limitations» (*ibid.*) data «suggest that water projects are slightly less targeted on poverty and gender concerns than projects in other sectors». This would not really contradict the conclusion that donor export or investment interests play *the* major role. Nor would the insistence on mobilising private capital and public-private sector partnerships (as meanwhile in the London underground, which has been derailed frequently since it had been forced into such partnership). A detailed analysis of all projects would, however, be necessary to confirm or disprove it. Banking (240) does reflect crises, especially Mexico 1994-5, Asia 1997.

Within Equity, Emergency Assistance increased dramatically during the 1990s. It was only four times above 2% of Equity (three times >1% of CRS-Totals) before

1990, but shot up to over 10% of Equity, a trend that appears to go on in 2003. In 1999 the respective percentages peaked at 14.23 of Equity and 7.76 of CRS-totals respectively. In all years non-food aid was by far the largest part. The increase also shows in dollar terms. Emergency Assistance seems to be one item crowding out aid pursuant to the DAC's own ODA definition. This conclusion is fully corroborated by total ODA flows. Emergency aid increased from 1.6 per cent of total ODA (1980-1) to 7.4 per cent (2000-1). The big losers were agriculture (11.8 and 5.9 per cent respectively) and »Industry and Other Production«, which plummeted from 13.8 to 2.0 per cent (OECD 2003, pp.266-67). The traditional academic aid motive - filling recipients' savings and foreign exchange gaps to speed up development - seems largely dead.

The OECD has never considered aid to refugees and disaster relief as proper ODA in the sense of its own concept even though it has accepted to record them for the sake of higher figures. It calls aid to refugees and disaster relief »extreme examples of the way circumstances can thwart intentions«, going on to explain: »The definition of ODA requires that, to be eligible for inclusion, resources should be 'for the economic development and welfare of developing countries'« (OECD 1995, p.84).

Seeing humanitarian aid more driven by »political spotlight« than need, Oxfam (2003) accuses donors of »fleeting attention«, inadequate and skewed funding with one recipient getting most (11-21 per cent) and all others significantly less. 1995-8 Bosnia-Herzegovina was top receiver, then the Kosovo took over. In 2001-2 Afghanistan, neglected before »9/11«, got the largest share. In 2003 Iraq is taking over. It is not difficult to connect such shifts to political events.

EU-Commissioner Patten stated in the House of Commons that the goal of projecting stability around the EU has made »the proportion of our external assistance which is traditional ODA« decline (IDC 2000, p.23). Substantial sums are going to EU-accession candidates. The East, the Balkans and the Mediterranean are generously funded. Poland received twice as much - technically Official Assistance (OA), not ODA - as Asia and Latin America together (*ibid.*, p.27). In spite of the special Lomé-relationship, no ACP-country was among the top ten recipients of OA or ODA in 1997 and 1998.

»Non-Musgravian« expenditures were very high during the 1970s - even around one fifth of the CRS-total - and before 2000. Until the mid-1990s Import Support accounted for the large bulk (mostly over 70%, occasionally over 80%) of these flows but this item fell steeply later. Business and Privatisation (CRS-250) took over, even amounting to more than half of all these »Non-Musgravian« expenditures in one year. During 1990-99 it grew 907-times, clearly illustrating the take over of national firms by foreigners.

Conclusions and Future Prospects

The result that donor interest has also increased perceptibly if one applies Musgrave's categorisation of public expenditures corroborates other research. Although poverty has remained a huge problem - as the numbers of people living on \$1 a day prove - tendencies of shifting ODA even more towards donor interest are all too perceptible from this analysis based on Musgrave's theory of public expenditure. Shifting away from the "main objective" of fostering development has become more pronounced after 9/11. Recently, the DAC (2003, p.8) introduced the new focus "prevention of terrorism" as "a relevant development objective". This "may have implications for priorities including budget allocations and levels and definitions of ODA eligibility criteria", keeping in mind "the poverty reduction objective and" the present ODA-definition (*ibid.*, p.11). This document strongly stresses anti-poverty measures as important means to undermine popular support of terrorists, demanding globalisation to be made an inclusive process, and a re-thinking of present policies in trade, arms exports and regarding human rights. Optimists might even interpret increased attention to "employment generation" (*ibid.*, p.14) as a nascent Musgravian stabilisation branch. However, recent developments, especially shifting aid according to military-political foci and to the detriment of many poorer and needier recipients, do not suggest that such admonishments are likely to be heeded. In his speech on »Global Security in the New Millennium« Robert Cornall (2003), Australia's Secretary of the Attorney-General's Department, mentioned both the need to assist other countries in the region and the necessity to »balance« security and human rights (once "established when the world was a safer place"). Apparently »fair weather principles", human rights and the Rule of Law, which donors have preached to recipients over many years, are no longer that important to all donors.

While quite a few donors have already placed counter-terrorism in their new aid priorities, another new connection between migration and aid emerges, corroborating fears expressed by NGOs that ODA might be re-defined, accommodating donor concerns even more. The EU's Draft Constitution starts its Chapter on aid (Article III-218) by asserting first: "Union policy in the sphere of development cooperation shall be conducted within the framework of the principles and objectives of the Union's external action." Article III-210 explicitly mentions humanitarian tasks as a means to fight terrorism. Migration is strongly emphasised by the Cotonou Convention, whose Article 13 makes it »the subject of in-depth dialogue in the framework of the EU-ACP partnership«. ACP countries are obliged to readmit nationals deported from Europe without further formalities. The EU even tried to make ACP-countries accept non-nationals that had entered the EU via an ACP-country. The idea to link aid to taking back rejected asylum seekers was lea-

ked from Downing Street 10 (*Guardian*, 24 May 2002). Illegal pursuant to British law the idea was opposed by the International Development Secretary. Dearden (1999) concludes that concerns about migration pressures have been an important reason for Europe's re-orientation towards economies in transition. The EU's increased attention to the Southern Mediterranean is also influenced by migration concerns.

Such tendencies could reduce the Equity share - Musgravian distribution or ODA pursuant to the presently valid donor-definition - further. It could also make still disbursed Equity-ODA dependent on clearly specified, narrowest donor interests, thus changing its character from aid to payments in exchange for preferences, services or political support. Instead of fostering development and the welfare of the poor ODA might soon be disbursed even more with the main objective of paying »allies« or as payments for specific actions by recipients. The »ODA-rationale« of the cold war might be revived and extended with a new enemy, terrorism. Unfortunately, neither past record nor the long term decline of ODA in GNI-percentages - in spite of »broadening« figures by violating one's own rules - would encourage optimism.

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Abstracts

This paper tackles the question whether ODA can be seen as an international distribution branch in analogy to Musgrave's theory of national budgets. Applying Musgrave's categories to ODA is difficult, and caveats are necessary. Nevertheless, the paper corroborates earlier research showing a perceptible shift towards donor interests after the demise of communism. Especially allocative flows (such as financing Global Public Goods) have substantially increased in violation of the DAC's own ODA-definition. This shift towards donor interests is likely to continue, as new counter-terrorism or migration concerns show - in spite of abject global poverty or the Millenium Development Goals.

Der Artikel untersucht ob Offizielle Entwicklungshilfeleistungen (OEH) in Analogie zu Musgraves Theorie nationaler Budgets als internationale Verteilungsausgaben interpretiert werden können. Musgraves Kategorisierung auf OEH anzuwenden ist nicht leicht und nur mit Vorbehalten möglich. Dennoch bestätigen sich die Ergebnisse früherer Arbeiten, die seit dem Fall des Kommunismus eine deutliche Verschiebung zugunsten von Geberinteressen zeigen. Insbesondere allokativen Ausgaben (wie die Finanzierung Globaler Öffentlicher Güter) stiegen in klarer Verletzung der eigenen OEH-Definition des DAC stark an. Diese Verschiebung zur Finanzierung von Aktivitäten im Geberinteresse wird wahrscheinlich trotz weltweiter Armut oder der Milleniumentwicklungsziele fortgeführt werden, wie sich herausbildende OEH-Schwerpunkte (Terrorismusbekämpfung, Migration) vermuten lassen.

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