

CHAPTER THREE

EVOLUTION OF AID, INSTITUTIONS AND AIDAB

3.1 INTRODUCTION

This Chapter reviews the many facets of aid, how these facets evolved and their impact on national aid agencies' and international institutions' policy directions. An understanding of various rationales of aid and donors policies, procedures and conditions is crucial to this study for three reasons. Firstly, aid recipients such as Western Samoa claim that donors' conditions stretched the limited resources and the already overworked hosting bureaucracy. Secondly, the changing facets of aid reflected in donors' policy directions and delivery mechanisms are usually made known to the recipients using the top-down approach. Consequently, aid recipients wasted quality time muddling through their prioritised shopping lists producing ill-defined and short-sighted policy decisions, preventing a critical comprehension of the ideological shift. Thirdly, the many rationales or agenda attached to aid giving reinforce the incremental nature of recipients' development policies. In all, the first part of Chapter Three provides background information and explores the motives underpinning donor's aid policies.

The second part concentrates on Australia's aid programme, its approach and its policy shifts. Policies and conditions of other active donors in Western Samoa are summarised in the first part. A clear understanding of Australian aid policies enables inferences to be made about its policy making process and provides an appreciation of approaches or models discussed in Chapter Four.

At the end of Chapter Three, propositions of aid related factors are highlighted for investigation or validation in this study. The propositions are grouped under two broad categories; donor related problems and recipient related problems. Analyses in Chapters Seven and Eight expanded on these factors.

This Chapter argues that the institutionalisation of aid since its inception by the United States after the first World War resulted in the growth of many international, regional and national institutions complicates the aid policy environment. This complication derives from donors' competing interests and the diversity in their respective policy conditions and preferences. Consequently, the continuous shifts in aid emphasis and facets tend to confuse the real intention of aid and in turn undermine recipients' development priorities.

3.2 AID ORIGIN, DEFINITION AND EVOLUTION

Healey (1971), Zeylstra (1977) and Krueger *et al* (1989) pointed out that international development aid is primarily a post-war phenomenon, although its birth lay in the great depressions of the 1920s and 1930s. Aid was initiated by the United States after the First World War but was popularised after World War Two to assist European Allies rebuilt their economies. The transaction was underpinned by a mixture of political, economic and humanitarian motives, and therefore its support relied on one's philosophical disposition. Mixed feelings of the exact rationale(s) of aid are evident in Section 3.3 below. The uncertainty was fuelled by aid's multi-disciplinary dimension.

Different conceptualisations of the aid concept derive from conflicting national interests or rationales pursued by donors. Riddell (1987, 10) reasoned that the purpose of aid is clouded by numerous "unstated rationales lying behind justifications for aid made on the basis of human solidarity". Lewis (1981, 26) proposed "development promotion as a *per se* objective and concentrate instead on the operational problems we share". But even accepting development as a prime objective of aid raises questions on the universal relevance of development.

3.2.1 Definition

The concept of aid covers a diversity of activities or approaches. It includes Official Development Assistance which involves a transfer of resources from an official agency to promote social welfare and economic growth of a recipient country. This can be in grant form, or as technical assistance or concessional loans. Aid can also be disbursed in other forms: official flows from the donor (eg. European Community now European Union's STABEX), or private flows as in multinational investments and military aid or NGOs. Since the mid 1980s, donors have opted increasingly for trade instead of aid (Bauer *et al* 1991; WB 1993 and AIDAB 1993a; 1994b). But Zeylstra proposed that a definition of aid should reflect strictly its purpose:

co-operation with a foreign state or autonomous political unit with the object of assisting that state or autonomous political unit in furthering its economic growth and social progress (1977, viii).

This co-operation can be a conditional relationship involving the "transfer of financial resources intended to serve the interests of the donor governments" (Hayter 1971, 15), or a mutual relationship involving the "transfer of money and resources on concessional terms from governments of rich countries to the governments of poor countries." (Healey 1971; Cassen 1986; Mosley 1987).

In relation to this thesis therefore, the concept of aid has dual connotation, donors' interests are stipulated in the aid policy conditions while at the same time, the package intends to help the recipient countries.

Recipient countries have mixed reactions to the purpose of aid but, generally, the majority view aid positively as a development tool. In the middle ground bureaucrats who manage and deliver aid programmes have mixed feelings but most associate it with development. At the extreme end, there are those who denounce aid as a catalyst of perpetual dependency that prohibits creativity, self-sufficiency and retains the *status quo*.

This thesis focuses on Australian bilateral official development assistance. It defines aid as a calculative undertakings or interaction involving compromises between this donor and a recipient, with each pursuing different aims.

3.2.2 Historical Evolution

The Allied Powers' experiences during the two World Wars, together with the growing awareness of the individual nation-states' responsibilities, resulted in a Monetary and Financial Conference at Bretton Woods, New Hampshire in July 1944. It was agreed by the nations represented at the conference that to secure peace and eliminate any possible causes of future international friction, financial support was needed to address specific tasks: the reconstruction of war torn Europe, restoration of international trade and integration of "backward areas" into the international economic process (Nissen 1975; Zeylstra 1977; Healey 1981; Suter 1986 and Krueger *et al* 1989). The people presumably responsible for the Bretton Woods agreements were J.M.Keynes (British) and H.D.White (American) (Nissen 1975, 39-43). Two international financial institutions were established to implement these decisions: the International Bank for Reconstruction and Development (IBRD or World Bank) and the International Monetary Fund. The sentiments expressed in the Bretton Woods agreements were reinforced with the foundation of the United Nations (UN) in San Francisco in 1945, whose Charter stipulates:

To achieve international co-operation in solving international problems of an economic, social, cultural or humanitarian character (UN 1964, 4).

The World Bank and the International Monetary Fund became agencies of the UN similar to the International Labour Organisation, UNESCO and so forth.

3.2.2.1 Truman Doctrine and Marshall Plan

The Truman Doctrine of 1947 fundamentally marked a shift in aid purposes from compensation of war damage to advancing a political ideology and national interests (Weissman *et al* 1975; Zeylstra 1977). Assuming leadership for a freer world, the United States of America launched the Marshall Plan, a part of the Truman Doctrine, to promote economic stability and orderly political processes in Western and South European countries. The operating guideline of Marshall aid was:

to promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States (Zeylstra 1977, 33).

Underlying Marshall Plan aid was America's strategic interest to secure and influence recipients from communism. For example, the short-term aim of the Marshall Plan was to increase the capacity of European metropolises to develop their colonial territories, whilst in the long-term, the hidden agenda was to strengthen the United States influence in both the emerging satellite and the metropolitan centres (Riddell 1987; Zeylstra 1977; Healey 1971).

Although the Marshall Plan proved that aid on a large scale could be successful in achieving development targets leading to economic stability, the United States political interest was not achieved. This was apparent with recipients' revival of European identity *vis-a-vis* the American one. Thus White (1974), Zeylstra (1977) and Gimble (1976) among others argue that the success of the Marshall Plan was a result of establishing a specified task of substantial aid inflows, and the similarities among recipients' cultural heritage.

3.2.2.2 United States Hegemony and the Cold War

By the early 1950s, aid became a strategic weapon used by the United States and Soviet Union to exert their hegemony through political, commercial and military manoeuvring. It was commonly accepted that the concept of aid had a substantial political connotation. Zeylstra (1977), Miller (1979), and Viviani and Wilenski (1979) believed that aid policy and its rubric belong to the domain of foreign affairs whereby national aspirations impact on foreign policies:

Development aid came into being as a synthesis between a) an idealism sponsored by public opinion, and b) foreign assistance used as a means of pursuing national interests (Zeylstra 1977, 25-26).

The upsurge of Communism in Indo-China, Cuba and Eastern Europe together with Russia's inauguration of aid to its satellites challenged America. At the height of the Cold War until the early 1980s aid became a crusade to advance the political ideologies of the two superpowers. The superpowers looked for opportunities to expand their military superiority in 'grey areas' and at new frontiers (space exploration). The sentiments of the time were reflected adequately in President Kennedy's speech of 1961 in which he stressed that:

foreign aid is a method by which the United States maintains a position of influence and control around the world, and sustains a good many countries which would definitely collapse, or pass into the Communist bloc (cited by Hayter 1971, 5).

Despite popular belief that the prime objective of aid is to alleviate poverty and reduce inequality, donor politicians and senior bureaucrats believe that aid programmes were introduced primarily to satisfy donors' aspirations (White 1974; Krueger *et al* 1989). As for recipients, entry of the Soviet Union as a potential donor provided an alternative source, though donors' interests still dominated negotiations. For instance, President Kennedy's use of "influence" and "control", and Mr Kruschew's political propaganda (Walters 1970, 30), illustrate donors' interests. The aid dilemma reiterates a favourite American belief, "there is no such thing as a free lunch": aid, whether intended for development or otherwise, comes with a price.

Outcomes of the 1950s development in relation to aid are summarised by White (1974, 213) as follows:

- a) aid diffusion but determined by political ideology;
- b) integration into recipients' policy making processes;
- c) insistence on specify goals;
- d) orientation towards the development aspect;
- e) diversification results in more consultations; and,
- f) loans instead of grants.

3.2.2.3 1960s UN's First Development Decade

The initiation of the first development decade by the UN was designed to remedy the balance of payments difficulties experienced by its newly independent members. The UN called on rich nations to provide financial assistance toward poor countries, "proclaiming aid to be a collective duty" (Zeylstra 1977, x). The UN's first development decade emerged by default for two reasons: donors had already established bilateral assistance with former colonies (Masfield 1972; OECD 1985), and the UN's usage of "development" was

catchy, enticing member countries to provide extra funds. Central to the development of the 1960s was the move for an international bureaucratisation of aid under the umbrella of the UN, minimising donors' control. This was not fully successful because, (a) donors and recipients preferred to maintain bilateral relations, (b) UN's limited political influence as an operational agency (Hayter 1971; Kaufman 1980).

Nevertheless, the UN together with the Organisation for Economic Co-operation and Development (OECD) called on member countries for an increase in aid contribution. A one percent of GNP was the agreed-upon target for the second half of the 1960. Although a target was set, there were no specific guidelines on how aid should be spent. A shortcoming of the First Development Decade was the lack of support for the UN from donors and recipients alike, aggravated by unclear UN direction pertaining to development.

3.2.2.4 1970s UN's Second Development Decade

The economic shocks of the 1970s attested a new face for aid. With limited support from member countries, the UN's task was like a voice in the wilderness. With increasing financial debt and poverty levels in the recipient countries, aid efforts in the 1970s targeted the basic human needs of poor rural people. This was also the "decade of integrated rural development projects". With this objective, the OECD urged donors to raise their Official Development Assistance to 0.7 per cent of their GNPs by 1975. Moreover, it called for a closer co-operation between donors and better co-ordination of aid programmes (Maddux 1981).

But as some critics argue, aid objectives cannot be achieved because recipient nations' development framework is inadequate to receive and implement aid. Addressing the 1973 Annual Meeting of the WB in Kenya, the then President of the WB, Mr Robert McNamara spelt out the core of development problems:

The basic problem of poverty and growth in the developing world can be stated very simply. The growth is not equitably reaching the poor. And the poor are not significantly contributing to the growth (Maddux 1981, 20).

To achieve equitable development, McNamara called on leaders of the developing countries to "reorient their development policies to arrest world poverty" (Maddux 1981, 18). The structural adjustment programme was born and became a central policy of the WB after 1980. In relation to aid, specific structural adjustment policies were promoted such as, export oriented growth, government spending cuts and privatisation (PIM, August, 1992, 16-17). Other multilateral and most bilateral donors have followed similar policies.

It was apparent from the OECD review of aid (1975, 16) that the main obstacles had been its political nature and standardisation. This observation led to a renewed call by the OECD together with guidelines for aid implementation.

- a) continuity and predictability of aid flows;
- b) flexibility, with project and non-project assistance;
- c) recognition of constraints and limitations on recipients' administrative resources, exacerbated by aid procedures;
- d) provision, where appropriate, of resources to help recipients increase their administrative capacity;
- e) procurement procedures simplicity and flexibility; and
- f) delegation to field staff of such powers as may be necessary for making program management responsive to local conditions.
(OECD Review 1975, 16).

3.2.2.5 1980s 'The Lost Decade'

At the 18th Session of the General Assembly of the United Nations in 1990, the 1980s was referred to as the “lost decade” for developing countries (Japan ODA Report 1990; Summers and Thomas 1993). This view was associated with a decline in average incomes in the economies of Latin America, some Middle East, North and Sub-Saharan Africa, and an increasingly turbulent world scene - political, economic, social and environmental. The development dilemmas intensified because of the mismatch in recipients' economic aspirations, and donors' approaches, aid conditions and objectives. Altogether it led to a contraction in aid available for a diversified development agenda.

The problems and unfulfilled targets of the previous two decades demanded a scrutiny of aid efforts. Accordingly, aid policies shifted to focus on operational aspects such as organisational functions, structures and delivery mechanisms. It became apparent in the early 1980s that the obstacles were weak public sector co-ordination and therefore wrong policies, strategies and priorities. Cohen *et al* (1985, 1) stated two strategies dominated the international aid scene in the 1980s: (a) economic liberalisation led by major government reorientation and policy reform and (b) administrative capacity-building through more efficient use of human and financial resources, including implementation reforms based on adaptive management principles. These strategies are further reinforced in the 1990s development policies, with the private sector receiving more assistance (Cohen *et al* 1985; Bhagwati 1986; Krueger and Ruttan 1989).

The overriding flaw in the aid equation was the tendency to ignore the differences in socio-cultural, political and economic conditions of recipient countries. Aid has been promoted indiscriminately, based on the success of the Marshall Plan. But McNamara speaking about development emphasised a "model is only as useful as the validity of its assumptions and the comprehensiveness of its inputs" (Maddux 1981, 17). Invariably, it follows that the donors' prescribed development ingredients can work only if they reflect actual needs of beneficiaries. The WB's claim of poor economic performances by Pacific Island Countries compared to Indian Ocean and Caribbean Island States is indicative of 'donors' standardisation and assumption that recipients have similar development potential.

In most instances, the unsuccessful in aid efforts stem from a Eurocentric concept of development undermining socio-cultural factors of significance to recipient countries. Aid has therefore become a diplomatic tactic to influence recipients' economic development within the confines of donors' prescriptions (Zeylstra 1977; Cohen 1985).

Table 3.1 below summarises the evolution of aid after the Second World War to date. The purpose of this chronological background information helps to clarify the shifts in donors' policies and the likely possibility that the 1990s policies may be considered in the future as inappropriate.

3.3 CONFLICTING PERSPECTIVES

Different perspectives advanced in the debate are themselves conditioned and influenced by specific beliefs and rationales. Aid objectives and rationales reflect the fashionable international orientations of the time (Table 3.1). The debate can be categorised into four prominent perspectives, moral obligation, conventional, radical leftist and radical rightist. The ideological orientations of these perspectives exist simultaneously in most donor agencies and countries and contribute to the complexity of the aid policy environment.

3.3.1 The Moral Case

Essential to the moral argument espoused by advocates like Streeten (1976), Hirsh (1977), Miller (1979) are beliefs based on theories of justice, conscience and Christian duty. The belief that wealthy nations should assist in alleviating poverty experienced by the poor countries is based on a moral obligation. This obligation can be defended as natural human conduct, or on social justice and theological grounds, the very core of ethics. Moreover, Streeten (1981, 233) pointed out, the aid objective of alleviating poverty contributed to the common heritage of civilisation, and that the "rich are partly responsible for poverty of

the poor". Streeten's comment is based on Christian and humanist belief that the less fortunate should be helped. Most Scandinavian countries' provide aid based on the above reasons. Thus "it is an integral part of our general endeavours, to promote peace in the world, rich and poor" (SIDA 1983, 2). On the principle of caring Dower (1983, 5) claimed that:

One feature of living in a community or society is that a society or community should care for those who fall into desperate need.... society has a collective responsibility for meeting basic needs is accepted.

Table 3.1: Evolution of Aid; Objectives and Rationales.

Period	Emphasis and Objectives	Rationales
after WWII	Economic reconstruction of Europe and international trade restoration	political and economic
Early 1950s	U.S. interventionist/expansionist policies to promote world trade and forestall Communism	political, commercial and humanitarian
Mid-50s/ 1960s	Decolonisation: aid used to assist the newly emerging states and restored Western influence.	political & humanitarian
1960s	UN First Development Decade-aggregate growth focus on basic human needs.	economic, experimental/ humanitarian
1970s	UN Second Development Decade -integrated rural development projects - focus on agriculture and infrastructure.	economic and technological advancement
1980s	Efficiency era; reassessment of aid looking at organisational apparatus, functions and delivery mechanism. Structural Adjustment policies advocated by the WB.	management of organisation for efficient operations
Mid-80s/ 1990s	Better resource management with emphasis on human resources and environmental conservation. Trade instead of aid.	Human Factor, environment and institutional strengthening

Source: Matagialofi Luaiufi-Moli, 1995.

The moral argument rekindles the discourse of early philosophers, on the nature of social justice notably Aristotle's and Hobbes', later on Rawls' on the contractual role of society and citizens. Presumably, Dower's collective responsibility applies equally to the international community.

The humanitarian stance has been criticised by the advocates of both left and right. The radical right rejects the moral imperative and argues that aid interferes with the role of market forces. Bauer explains that “economic differences are deserved because of different personal attributes, and the process by which income differences arise is also just” (Riddell 1987, 28).

Hayek’s criticism of social justice applies equally here; “injustice can only arise from deliberate action, but as market transactions cannot have intentionally ascribed to them, their outcome cannot be unjust.” (quoted in Riddell 1987, 29). The right’s objections to egalitarian principles dismisses the moral case.

The radical left argues that aid fails to assist the poor because of existing structural and institutional forces. Their grounds range from outright rejection of aid (Lappe *et al* 1980) to partial acceptance subject to reforms empowering the least developed countries (Hayter 1971). The thrust of the lefts’ argument is that aid is damaging to the poor because it reinforces the *status quo* thereby leading to “under-development, increased marginalisation, and increased alienation of the poor majorities” (Riddell 1987, 51).

There are several pragmatic concerns following from the commitment and continuity of aid in harsh economic time. Moreover, are the delivery mechanisms reaching the needy? Feeling obliged to assist the poor is a moral virtue but it created problems like continuous dependency and does not necessarily address the causes of inequality and poverty. The logic behind the moral argument is acceptable in emergency relief efforts and in the domain of voluntary and church activities, but it prohibits an understanding of factors contributing to problems of poor countries.

At the core of these criticisms are fundamental issues basic to development studies, the commitment to find causes for the persistence of inequality and poverty on a world-wide scale (Toye 1984, 17). In other words an understanding of the cause will enable the international community to tackle directly the key factors creating under-development.

3.3.2 Conventional Perspective

The conventional or orthodox paradigm assumes that aid contributed to development and rejects any perspective which does not acknowledge this. Essential to “Conventional” theorists is the belief that aid constitutes additional resources required to achieve targeted development growth. Fundamentally, the conventionalists believe that Western practices are applicable to developing countries. This view is founded on the successes of the Marshall Plan and popular Keynesian economic principles in post-war

Europe. Advocates of the conventional perspective include, among others, Rosenstein-Rodan (1961), Rostow (1963), and Chenery and Strout (1966).

To validate the conventional stance, a group of orthodox economists stress that the injection of aid funds into a recipient economy can have a positive influence on domestic savings, investment which in turn contributes to economic growth.

Griffin (1970), Griffin and Enos (1970), Mosley (1980), Mosley and Hudson (1984) challenge the above claim. Contrarily, they argue that there is sufficient evidence to prove that aid neither assists domestic savings nor improves or bears a significant influence on economic growth. However, it enables governments to expand consumption resulting in low domestic savings as a percentage of GNP.

Papanek (1972) opposed the above critics claiming that aid is not the sole determining cause for the decline in domestic savings. Accordingly, there are various exogenous factors such as political instability, changes in the terms of trade, climate hazards and peculiar saving patterns in countries which do affect the relationship between aid, savings and economic growth.

The disappointing economic performance of most recipients during the two UN development decades (1960s and 1970s), after massive aid injection raises questions on the universal applicability and validity of the processes/mechanisms postulated by the Conventional theorists. Michalopoulos (1975) alleged there was too much emphasis on the volume of resource flows instead of the administration and use of aid. Overall the perspective has conceptual and analytical flaws, for instance, "causality", "verifiability" and "comparability". These flaws arise from the mechanistic approach by orthodox economists to a dynamic problem. The foregoing debate and the impact of aid on the recipient countries reveals the inconclusiveness of the economic analysis and serious inadequacies of relying on statistical models. Trainer (1985, 165) puts it mildly when saying that:

The Conventional development strategy is not a solution to the problems of international inequality. It is a cause of these problems.

The overall criticisms of the Conventional perspective is summarised in the following paragraph:

widespread data inaccuracy; model mis-specification; inappropriate isolation of interrelated variables, particularly due to exclusion of critical variables and the need to consider the important and often crucial influences that social, political and structural factors have on the expected relationship between economic variables (Riddell 1987, 126).

It is these crucial factors, in particular, the nexus between economic variables and socio-political factors, explored in the other perspective's which we now turn to consider.

3.3.3 Radical Leftist

Fundamental to the critique by the radical leftists is the idea of aid as "imperialism" or as an instrument of "neo-colonialism" (Hayter 1971; Wood 1980; Suter 1981). Without rejecting all aid as useless, they are concerned with the type of growth encouraged by aid. They explain that growth promoted by recipient governments with aid does not produce recognisable benefits in economic development because the "beneficial outcomes are only marginal" (Riddell 1987, 129). Furthermore, such growth is detrimental to income and asset distribution since it benefits mainly the urban residents and the elites. Mende (1973) argued that aid supports and reinforces structures between rich and poor countries and within poor countries themselves that lead not to development but under-development. This is reflected by the urban bias evident in aid allocation. Aid is therefore perceived as part of the Third World unemployment, reinforcing the negative dynamic forces frustrating development.

The arguments by the radical leftist are divided into two categories, the institutional pessimists and the structural theorists. Focussing on the recipient governments, the former conclude that the interplay of power and economic interests prevents the utilisation of aid provided in a manner conducive to poverty alleviation in their countries. Associated with this stream of thought are critics like Mende (1973) Lappe' *et al* (1980) and Seers and Myrdal (1982).

Whilst agreeing with the institutional pessimists, the structural theorists take the analysis further, embracing international and historical relations. To them the idea of aid is part of a structural relationship between rich and poor countries which has evolved over time to under-develop the Third World. For instance, through neo-colonialism rich countries control the terms of trade and influence conditions of international financial systems. Accordingly, objectives of the rich countries are primarily and overwhelmingly to use poor countries to further their own economic interests (Hayter 1971; Zeylstra 1977; Riddell 1987). To illustrate the parasitic nature of this structural relationship, Tanner notes:

At least 35 billion dollars passes every year from the South to the rich North through the adverse terms of trade, repatriation of profits.....the brain drain and interest payments. This is two and a half times what the West spends on aid (Tanner 1980).

But by taking all factors excluded in the above estimates, Tinbergen (1976, 16) claims “the functioning of the global economy drains \$50-100 billion from the Third World to the rich world each year”.

There are various deficiencies in the radical leftist argument which cannot be discussed adequately here. Most originate from making sweeping statements and the danger of over generalisation. Of the notion of economic growth, there is evidence to substantiate that some former colonies and Third World countries which operate within a capitalist-type framework have grown much faster than some Western industrialised nations; for instances Singapore, South Korea, Thailand and Malaysia. Current events in the former Soviet Union are proof of the inadequacies of a centralised socialist system; furthermore, there is no guarantee that within the socialist system the interests of the majority are represented. Whether it is a capitalist or socialist system, the interests of the ruling class tends to influence the direction of development; this takes the argument further to issues of philosophy of human nature, natural law and political thought (See Chapter Four).

3.3.4 Radical Rightist

The radical right accepts that market forces should determine the structure of the economy and therefore the pace of development. Based on the assumptions of neo-classical economic theory, this perspective argues that aid diminishes the effectiveness of the private sector contributing to the expansion of public sector control and employment. Subsequently it distorts the price system and stifles the productivity of the private sector (Bauer 1981; 1984; 1991; Krauss 1983; Toye 1985; Mosley 1987 and Kasper 1991).

The upsurge in this belief reiterating Friedman’s (1958) line of thought was noticeable in the early 1980’s, during the administrations of Thatcher and Reagan who both visualised the promotion of economic development through monetarist policies. These were designed to reduce inflation and create incentives to the private sector, privatise commercially oriented government functions and deregulate the industrial relations systems (Holmes 1989). Accordingly, they pursued policies which encourage competition and therefore both productive and allocative efficiency.

Similar to the Radical Leftists, the Radical Rightists have their own unanswered questions; thus the free market ideology needs validation. In reality there is no such thing as perfect competition because of markets and information distortions, together with the existence of black markets. There is no assurance that freer market forces will lead to more efficient use of resources, or to more widespread welfare gains. Overwhelmingly, the ideology of the radical right suits the prevailing conditions of the Western developed nations not Third World countries. Price and information distortions for instance are common phenomena

of Third World countries. These originate from poor information systems, inadequate financial legislation or its enforcement and overall government inefficiency. In reality the market oriented argument has limited application to the Third World.

The various perspectives have deficiencies but their orientations highlight the diversity of rationales associated with aid; moral obligation, economic calculations, political/diplomatic factors and strategic purposes. There is a tendency that several hidden rationales/objectives exist within a programme or project which subsequently hinder implementation and evaluation as evident in the selected case studies. The search for answers and benefits of aid giving explains the growth in aid institutions, increasing professionalism and policy complexities.

3.4 INSTITUTIONS AND POLICY ORIENTATIONS

With decolonisation, the Western metropolises tried to ensure a smooth transition of former colonies to newly independent states. Aid was promoted as a panacea for economic growth. Evidence of this process was the massive transfer of goods and services from metropolitan powers to their former colonies. But bilateral efforts were supplemented by multilateral assistance and voluntary groups. The internationalisation of aid through the established mega-institutions discussed below impacted on bilateral aid policies, delivery mechanisms and conditions. Regardless of the fact that the thesis focuses on Australian aid, it is important to summarise the aid policies of the active multilateral institutions and bilateral donors to Western Samoa. This is necessary given the explanation in Chapter One and Section 3.1. These donors include; the WB, Asian Development Bank (ADB), UN and its agencies, European Union (formerly Community), New Zealand, Germany, Japan and China.

3.4.1 Multilateral Institutions Policies

Multilateral institutions operate according to the blueprints agreed upon by member countries (Suter 1986). The strength underlying multilateral operations is their supposed freedom from political motives. Secondly, they target major developmental projects mostly in productive sectors - infrastructure, agriculture, industries and financial organisations which “a bilateral donor could hardly afford” (AIDAB 1991c, 2).

Yet, their strengths is also their weaknesses; for instance, the lack of political power to enforce a decision - credibility problems. Evidence of this is the UN's unsuccessful attempt to co-ordinate efforts of donor countries during the first and second development decades. Even the powerful WB encounters opposition to its structural adjustment policies and strategies from member countries (eg. Tanzania and Latin American

countries). The overall weakness of multilateral donors is their tendency to pursue standardised development formula irrespective of their lack of universal applicability. The following quotation illustrates the prevailing concern of many people about multilateral institutions:

The bureaucratisation of the agencies makes them cumbersome institutions to relate with. The assistance sometimes comes after much struggle has been done and that there is a tendency for technocratese to set in, (making the simple complicated, resulting in near immobility)(AIDAB 1991c, 59).

3.4.1.1 The World Bank

The WB was an initiative formulated by officials of the Western nations resulting from economic instabilities after WWII. Central to this vision was avoidance of the depressed economic experiences of the 1930s. Moreover, there was an urge to reduce trade protectionism through penetrating exclusive trading blocs like the British "Sterling Bloc". Though the United States also had its exclusive trading areas the Sterling Bloc was considered to be the largest. The United States was looking for solutions to England's exclusive bilateral agreements with its former colonies protecting trade and exclusive access to raw materials. In pursuing the idea of a IBRD, the fundamental objective for the US Government was to avoid stagnation and depression caused by trade barriers.

The WB was established in June 1946. Its functions and operations were summarised by Nissen (1975, 45) as follows:

Most of the money it could loan would be raised by floating bonds in the United States. It could pursue no policies unacceptable to private bankers, since it would be dependent on them for money. It would keep its interest rates at the same level as, or above, private banking rates. Loans were to be made only for development purposes, and only for specific projects which had been reviewed and approved in advance by International Bank for Reconstruction and Development officials. Loans and debentures could never exceed assets, so any private institution or individual dealing with the Bank would be absolutely assured of repayment. All transactions were to be guaranteed by money subscribed to the Bank by participating governments.

In other words the WB was established to serve as a 'safe bridge' over which private capital could be invested abroad.

Although the WB is believed to be free from external political influence its policies reflect the interests of the major contributors, particularly the United States:

Thus irrespective of any political pressures the Bank itself may receive, it is actively political: it directly benefits governments which follow certain political priorities and either ignores or actively attempts to influence policy in those countries which take alternate paths (Nissen 1975, 51).

From a recipient's judgement the above statement contains validity and explains why the Bank is increasingly criticised by concerned academics and recipient countries.

The WB Policies

This thesis does not deny the services offered by the WB to least developed countries, but asserts that conditions of its assistance often ignore local circumstances. It is all very well for the developed countries to honour the WB's conditions because they are conducive to their socio-cultural, political and economic environment but the same cannot be said about the poor countries. The poor countries' development are constrained by land ownership, an orientation to communalism and values that are different to developed countries.

The WB's lending policy has shifted from "reconstruction" of Europe to "development" purposes in Third World countries. The top priority to the Bank during its early years was to "promote infrastructure investment" and therefore loans were granted for specific projects. Most of these projects were infrastructure and services necessary "for the profitable operation of a business." Since least developed countries do not have funds to provide these prerequisites, the WB was willing to lend. (Greenaway and Morrissey 1993).

In the mid-1980s the World Bank realised that although the infrastructural services required for development were in place, the implementation of projects was not satisfactory. This turned the attention of the Bank to government operations and development strategies. The Bank suggested a change in focus to (a) market-friendly strategy in which the governments sustain rather than supersede markets, and (b) investment in human capital and infrastructure (Summers and Thomas 1993, 242-244). The problems observed in most LDCs were ineffective management and information systems, weak administrative capacity due to inexperienced workers and too much centralisation, accounting for bottlenecks in implementation. The Bank has urged system reforms in market and government institutions.

3.4.1.2 Asian Development Bank

The ADB was established in 1966. It operates like any commercial lending institution. Eligibility for funding is contingent on membership of the ADB and the commercial viability of the project. In that regard,

ADB lends to governments but targets productive economic activities or projects that support economic development. Its weakness is that it lends too much to government for projects better managed and implemented under the private sector. Given it deals mainly with government officials, the private sector representatives hardly participate in funding negotiations.

ADB's lending to Western Samoa is under the Special Fund established for poorer countries and small island economies. ADB lending for this category is noted for extended repayment and grace periods, no interest rates and a small management fee. In major projects such as Energy Sector and Roading, the ADB has worked in collaboration (co-financing) with the WB as an executing agency.

3.4.1.3 United Nations and other agencies

As stated above the UN was established to promote international co-operation among all countries through political, socio-cultural and economic activities (United Nations 1964). The UN through its specialised agencies (UNESCO, UNDP, FAO, UNFPA, UNV, etc.), operates under a specific mandate focussing on a specific sector. Each agency has its own membership who participate in the formulation of policy guiding the agency's operation.

UN operations in the Pacific are co-ordinated through the Economic and Social Commission for Asia and the Pacific (ESCAP), which is one of the five regional commissions of the UN. It executes projects and initiates new ventures for the UN. The Pacific office of ESCAP is based in Vanuatu.

Development assistance is carried out by the United Nations Development Program (UNDP), which operates technical assistance projects on a national and regional basis. Allocations are granted on a five year planning cycle, with indicative plans negotiated in consultation with recipient governments and regional organisations prior to the start of each cycle. UNDP has two regional offices (in Fiji and Western Samoa) that report on development requirements of the Pacific region.

Overall, the strength of the United Nations and its various agencies is their neutrality and objectivity determined by their mandates - concerned mainly with the provision of basic human needs. Yet its structure and operations prevent clear policy guidelines addressing universal priorities. Nevertheless, through its various agencies it is instrumental in organising fora to address issues of global concern; for instance, the Environment Summit in Rio de Janeiro (1992) and the Population Summit in Cairo (1994).

3.4.1.4 European Economic Union

Stipulated under Part IV of the Treaty of Rome which established the European Community, the EEC development assistance programme was inaugurated to assist former colonies of its members. An International Convention years later agreed on a Treaty known as the Lome Convention (1975) to manage EEC assistance programme to former colonies.

Every five years, the Lome Convention is renegotiated between the EEC and countries of the African-Caribbean-Pacific (ACP) group to reflect on recipients' priorities and how the European Development Fund can assist. Currently Lome IV (1992-1996) operates on the following guidelines:

- a) to finance development projects (capital and technical assistance) with allocations for country and regional programmes;
- b) to promote free trade access to EEC states by member developing countries, with exceptions for some significant commodities;
- c) to permit special trade arrangements for sensitive commodities such as sugar;
- d) to provide export stabilisation financing (STABEX) to ACP states; and,
- e) to combine negotiating rights by ACP states in the establishment of the Conventions and in matters relating to EEC/ACP relationships through such institutions as the Council of Ministers, Committee of Ambassadors, the Joint Consultative Assembly.

A new policy initiative for development is provided for each new Convention through the European Development Fund. The EEU assistance programme differs to other aid programmes in its support of the export trade activities of ACP states. Finance available under the European Community Export Stabilisation Fund (STABEX) programme and other commodity agreements can at times exceed the provision for project assistance. "Co-ordination with member states and the promotion of human rights and democracy are key elements of the new direction of EC development policy." (OECD 1993, 108).

3.4.2 Bilateral Donors Policies

Bilateral donors' policies primarily reflect interests of the donor country, although conditions depend on the historical relationship between the two. Most bilateral aid programmes are extensions of support by former colonial powers to colonies. Maizels and Nissanke (1984) confirmed this after their study of recipient-need versus donor-interest revealed that bilateral aid allocation was based on political and security interests evidenced by arms transfers and regional interests. Most bilateral donors use aid to reinforce their interests, the US for strategic consideration, Japan for commercial opportunities, France to solidify links with former colonies, and to promote cultural values; overall they concentrate in areas of expertise and regional

proximity. Bilateral aid is considered effective because of the direct relationship between recipients and donors but ineffective because often it serves the donors' interests which are not necessarily development. Krueger *et al* (1989) reason that bilateral aid will be successful if both parties are genuine and committed to policy dialogue.

3.4.2.1 New Zealand

New Zealand's official development assistance concentrates mainly in the Pacific and South East Asia regions through bilateral, regional and multilateral agreements. Two-thirds of total assistance in 1992 is allocated under the bilateral programme with particular emphasis on projects - including related manpower projects (53.4%), budgetary support (34.7%), and training and supplementation (12.2%) (OECD Report 1993; New Zealand Ministry of External Relations and Trade 1992).

The New Zealand Policy Review Group noted that New Zealand's responsibility to the Pacific island countries is not "just altruistic or moral obligation, but because it is our interests to do so" because the future of New Zealand and Pacific island countries is inextricably linked:

Our Pacific Island policy must be guided by our own national interests and our concern for the culture of our neighbours (New Zealand Ministry of External Relations and Trade 1990, 5).

In the late 1980s, New Zealand underwent a policy shift to reduce budgetary support in preference for development projects: these included tourism development in the Cook Islands, Special Trust Funds for Kiribati (NZ\$1m) and Nauru (NZ\$5m).

The New Zealand aid policy provides discretion to the recipient in the procurement process, allowing more freedom to the recipient. It believes in co-financing with other donors in specific projects in order to maximise effective use of funds. The future aid direction of New Zealand is oriented toward the private sector as reflected by its policy:

- a) funding of projects initiated by the private sector in collaboration with the recipient country;
- b) funding of the indigenous private sector in the recipient country through the Pacific Islands Industrial Development Scheme (PIIDS); and
- c) facilitating direct foreign investment by NZ companies by easing NZ exchange rate controls and by the provision of loan and equity finance and trade services through the NZ Development Finance Corp.

(New Zealand Ministry of External Relations and Trade 1990; OECD 1993).

3.4.2.2 Germany

Germany considers its Overseas Development Assistance as a contribution towards world peace and security. The bilateral aid component focuses on rural development, environmental protection and poverty alleviation through programmes with a high participatory content. Its policy dialogue with recipients is guided by issues such as human rights, rule of law, participation of citizens in the decision-making process and market-oriented economies (OECD 1993, 117).

In the 1950s, the Federal Republic's aid was determined by a commercial motive to compete in export markets. It therefore mainly took the form of loans (Healey 1971, 7). The OECD Report (1988) noted that 81 percent of total assistance in 1987 was in project form, targeting particular investment activities. In 1992, its total Official Development Assistance stood at \$7.6 billion making it the fourth largest Development Assistance Committee donor after the United States, Japan and France. Of its total bilateral aid for the same year \$1.4 billion was in loans, while grants decreased by 14 per cent (OECD 1993, 117). Like the Netherlands and most Scandinavian countries, German bilateral aid is channelled to low income recipients and mainly former colonies.

3.4.2.3 Japan

Fundamentally Japanese official development assistance is based on the recognition of interdependence. At the same time, it stresses the importance of recipients' self-help efforts. In its Annual Report:

Japan strives to avoid the imposition of its own political values or attitudes toward economic development on its own aid activities. Instead it has sought to discover, through a process of dialogue based on requests from recipient countries, the best approach to development for each individual country (1990, 19).

Japan's aim was reinforced in 1988 when Prime Minister Noboru Takeshita's announced its "International Co-operation Initiative" accepting his country's natural contribution towards international prosperity. The initiative consists of three elements:

- a) co-operation toward the achievement of peace;
- b) expansion of Japan's ODA; and,
- c) promotion of international cultural exchanges.

Japanese aid takes three forms; grants, loans and technical assistance. Japan became the world's biggest aid donor in 1989 with a total of US\$8.965 billion. Of this amount, 75.6 percent was implemented on a bilateral basis of which \$1.556b (23.0%) was in grant aid, \$1.481b (21.9%) in technical co-operation and \$3.741b (55.2%) in government loans. A substantial proportion of Japan's aid is directed to Asia (62.5% in 1989): the Pacific received 1.4 percent in the same year (Annual Report 1990:9-10). And in 1993, the Japanese government announced a Fifth Medium-Term Target of \$70-\$75 billion in ODA, an increase of 50 per cent , or nearly \$5 billion per year on average (OECD 1993, 109).

One significant feature of Japanese aid is that no funds are ever transferred to the recipient country as they are ear-marked to purchase goods and services from Japan. This is executed by the aid authorities in the Ministry of Foreign Affairs. This financial arrangement has been criticised as inappropriate capital transfer in relation to the recipients' economic situation, technological know how and limited funds for maintenance and repairs. In total Japanese aid policy reflects tight control on the aid process, strong involvement of Japanese companies in the official aid programme and the restrictive nature of the programming and implementation guidelines.

Japan's policy direction for the 1990s is reflected in Prime Minister Toshiki Kaifu speech to the Diet in March 1990:

The new international order that we are seeking must first of all guarantee peace and security. Second, there must be respect for freedom and democracy. Third, we must work to achieve world prosperity under an open, market-led economic system. Fourth, we must create an environment in which people can enjoy humane living conditions. Fifth, we must establish stable international relations based on dialogue and harmony (Annual Report 1990, 6).

3.4.2.4 China

China is a new player in the aid business. Since Deng Xiaoping took over the leadership after the death of Mao Zedong, China's outlook and policies have become more liberal. Its policy is a cross between a market socialism and elements of capitalism described by Boyd (1987, 127) as:

Technocratic modernisation is being promoted with emphasis on export-led growth, aimed at the markets of the industrialised democracies, and, while their direct investment is being attracted, efforts are being made to absorb their science, technology and management methods.

These aims are evident in their aid policies. Chinese aid like Japanese is mainly in loans at reduced interest rates. In 1992, China committed \$196 million in interest-free loans for twenty countries. These efforts took a multi-sector approach. China also extended \$9 million in grants to nine countries. Chinese aid policies export its science, technology, workers and materials (OECD 1994).

Criticism of Chinese aid policies is similar to that levelled against Japan: exporting inappropriate technologies and practices to the recipient countries which in the end prove expensive to maintain. Normally, the biggest draw back of most aid funded development is the question of maintenance. Some donors have addressed this issue but felt that the recipient government should be responsible.

3.4.3 Overview of Aid and Institutions

From the above discussion certain observations can be made about the concept of aid, its administration and policy environment.

First of all, the shifts in bilateral and multilateral donors' aid policies invariably demonstrate the interdependency apparent in global matters. Changes also signal that past policies did not work whilst the present ones are ideological experimentation. The above discussion reflects the evolution of aid from (a) addressing the basic needs of the poor, (b) integrated rural development, (c) government operations and (d) private sector management practices and preference for trade. These policy shifts or emphases do affect donors' administrative functions, procedures and conditions.

Secondly, changes in donors' policies affect development policies within recipient governments. One can imagine the magnitude of administrative tasks required of recipient governments bureaucrats in order to satisfy donors' conditions and procedures. In a policy environment (recipient) where information is not readily available and policy makers do things differently, donors are often quick to discredit recipient governments as inefficient, having a weak national development framework and irrelevant traditional institutions and practices. Most instances, inefficiencies observed at recipient governments side are much more complicated than having to satisfy some numbers or economic growth rate.

The third observation is interrelated with the above and is an outcome of earlier observations regarding the complexity of the aid policy environment. It is indisputable that the failure of aid programmes and projects to achieve whatever goals agreed upon reflect the differences in the policy processes between donors and recipients. In the 1990s, donors are breathing structural reforms and trade liberalisation as remedies to the

ineffectiveness of aid. One thing is definite, policy makers have not learnt from shortcomings of previous development decades. Obviously the differences between donors and recipient governments policy processes rest with the political and bureaucratic activities.

Overall the policy making models in Chapter Four seem inadequate in explaining the interaction between two different countries as in the case of Australia and Western Samoa. Prominent models of policy making were constructed within the framework or boundary of a nation state. It follows that reasonings by the models cannot explore the difficulties when a policy decision is transferred from one country to another. Nor did the models highlight any guidelines, prescriptions and pitfalls to avoid in such a policy environment.

With these in mind let us consider the evolution of aid within Australia and specifically related development over the previous decade.

PART TWO

3.5 AUSTRALIAN OFFICIAL DEVELOPMENT ASSISTANCE

It is acknowledged that changes in international socio-political and economic structures and agendas impact on the nation-state's policy making process (OECD 1986, 14). In that regard, it could be argued that Australia's aid policies have been fashioned and re-fashioned to reflect domestic interests and the international milieu (McKillop 1992, 1).

Australia launched itself into the aid business before World War II with small "grants-in-aid" to Papua New Guinea (PNG). Its aid policies were shaped in isolation which sometimes resulted from ignorance and prejudice (Jackson Report 1984, 19).

Table 3.2: Australian Aid by Region Since 1969

COUNTRIES	1969-1970		1982-1983		1992-1993	
	\$Am	%	\$Am	%	\$Am	%
Papua New Guinea	116	74	275	50	322.3	40.4
Pacific	1	1	49	9	91.9	11.5
South Asia	9	6	55	10	59.4	7.4
East Asia	27	17	98	18	201.0	25.0
Africa	1	1	56	10	43.1	5.7
Other	1	1	19	3	80.1	10.0
Total Bilateral	156	100	552	100	797.9	100

Source: AIDAB related Budget Papers

Yet after the WWII, Australia saw itself a member of the international community and aid became part of its foreign policy. The initial aid programme was guided by:

- a belief that Australia has particular skills which could be used to assist poorer neighbours;
- a growing appreciation that Australia's economic prospects are enhanced by sustained economic development in the Asian, Pacific and Indian Ocean regions; and
- an increasing awareness of the political importance to Australia of Asian, Pacific and Indian Ocean nations

(Source: Jackson Report 1984, 20).

Over two-thirds of Australian aid was directed to PNG until the 1970s (Table 3.2). Excluding PNG, the bulk of Australian aid was channelled to Asia and the Pacific regions. In the early 1950s, Australia also embarked on multilateral and bilateral programmes. A significant percent of bilateral aid to PNG was untied whilst the rest was used to procure goods and services from Australia. Multilateral assistance was directed to international organisations which Australia is a member. Initially, the Australian aid programme was shaped by humanitarian concerns to help the poor nations, though political inferences to influence assistance to the newly independent nations of South-East Asia soon became prominent (AIDAB 1992f; 1993a). Findings by the Jackson Report noted that after the "mid-1950s aid decisions continued to be strongly influenced by domestic political considerations" (Jackson Report 1984, 48). McKillop (1992) argued that external factors and perceptions influenced the directions and strategies of the Australian aid programme.

In the 1980s, Australia's aid programme expanded and diversified. Emerging from the sporadic aid scenario of the 1970s, (McKillop 1992, 3) the Australian Development Assistance Agency (ADAA) as it was then, has specialised functionally. Its programme became more targeted in terms of policy objectives and has expanded to most Pacific Island Countries (PICs), Africa and Asia. Its prime focus on agriculture and infrastructure was extended to include education, women in development and environment programmes. Like other aid donors, Australia realised that weak institutional capacity at managerial levels, insufficient budgetary support and outdated institutional systems were common hurdles to successful programme implementation (Bowden 1986; World Bank 1991; McKillop 1992).

As a result Australian aid policies have shifted to strengthening recipients' policy making and management capacities while simultaneously emphasising sustainable development. With Australian public sector reforms of the Hawke-Keating era, the Australian aid programme targeted development in the private sector as the policy strategy of the 1990s. Australian International Development Assistance Bureau's (AIDAB) aid for HRD has adjusted to focus on technical and vocational training and thereby reinforce the Australian Government's domestic and foreign policies (AIDAB 1992d; Bilney 1993; 1994; AIDAB 1994a).

Aid policy changed directions once more in the 1990s: trade was preferred to aid (Kasper 1991; AIDAB 1993a; Bilney 1994). The Hon. Gordon Bilney's Ministerial Policy paper (1993, 4) reiterates this sentiment emphasising:

trade liberalisation would do more for the world economy and for developing countries than all the world's aid programs combined.

Another shift is noticeable: from unconditional aid (budget support) to project aid mainly in the case of Papua New Guinea. This corresponds with Australia's drive for a greater involvement (contract) of private companies and Non-Governmental Organisations (NGOs) to manage individual programmes and projects. AIDAB believed that using private agents improved aid delivery and accountability. Other fashionable benchmarks used by AIDAB as levers for providing aid are good governance and human rights records (AIDAB 1992d, 17).

A summary of aid policy shifts over the last decade reflects Australia's directions in the 1990. Since 1983 the major variations included:

- a decline in the level of budget support to PNG;
- a real growth in the Pacific, Indo-China and China;
- declines in aid to Africa and Middle East (since offset by the three year \$100m commitment to Southern Africa);
- real declines in some ASEAN and other Asian programmes;
- reductions in aid to international financial institutions and other organisations (partly as a result of lower resources required by the financial institutions); and,
- growth in community and commercial programs involving Australian interest groups (commercial programs most substantially)

(Source: AIDAB 1988a, 2-4).

Apart from geographical changes there have been sectoral changes with HRD and institutional strengthening receiving bigger slices of the aid budget since the late 1980s.

3.5.1 Organisation and Management Issues

Prior to 1973 the Australian aid programme was under the custodianships of several different government departments. The Department of External Territories was responsible for all aid to Papua New Guinea, the Department of Foreign Affairs was responsible for overall aid policy and a quarter of total expenditure. Treasury provided financial supervision and oversaw Australia's contribution to the international financial institutions, whilst the Department of Education, Employment and Training administered several scholarship programmes. Other departments that were involved in some way included Primary Industry,

Immigration and government research institutions such as the CSIRO. The uncertainties of the Australian aid management resulted in several Parliamentary Committee reviews *viz*; the Australian Auditor-General's Report (1981), the Jackson Report (1984) and Report of the Joint Committee on Foreign Affairs, Defence and Trade (1989). In addition see Cunningham (1974), Viviani and Wilenski (1979), Eldridge *et al* (1986) and Porter *et al* (1992).

The management of aid programmes became increasingly complicated with PNG gaining independence in 1975. A Parliamentary Committee was established to review the aid programme's administrative arrangements. It recommended a more centralised body be established either by strengthening the aid division within the Department of Foreign Affairs or by creating a semi-autonomous body responsible directly to the Minister of Foreign Affairs. As of September 1973, under the Labor Government, a statutory body known as Australian Development Assistance Agency (ADAA), was officially created to administer Australian aid. The Agency was empowered under the 1974 Act which stipulated its functions as being:

- to administer the provision of Australian aid, including participation by Australia in multilateral aid programs;
- to administer the Development Assistance Fund;
- to advise the Minister on aid matters; and,
- to carry out other aid functions approved by the Minister.

Changes to the Australian International Development Assistance Bureau (AIDAB)

Apart from different names, Australian Development Assistance Agency (ADAA) in 1973, Australian Development Assistance Bureau (ADAB) in 1976, Australian International Development Assistance Bureau (AIDAB) in 1987 and Australian Agency for International Development (AusAID) in 1995, AusAID's functions have been scrutinised and changed frequently. Recommendations by the Jackson Committee (1984) provided the impetus for the current organisational structure. The Jackson Report:

set the trend to specify objectives and mandates, establish priorities, suggest strategies to achieve objectives and recommend appropriate management approaches (AIDAB 1988a, 51).

The chronological events which shaped the organisation until the Jackson Report are summarised in **Appendix 1**. A more updated list of AIDAB duties and responsibilities is as follows:

- the development of country aid programs.
- the appraisal, administration and evaluation of aid schemes for individual developing countries and regional groups.
- the provision of technical and related assistance.
- the administration of training programs in Australia and overseas for government-sponsored students from developing countries.
- the provision of food aid and disaster relief.
- the provision of support to multilateral aid agencies and for the overseas aid activities of Australian voluntary aid agencies.

Source: AIDAB 1993a; 1993c.

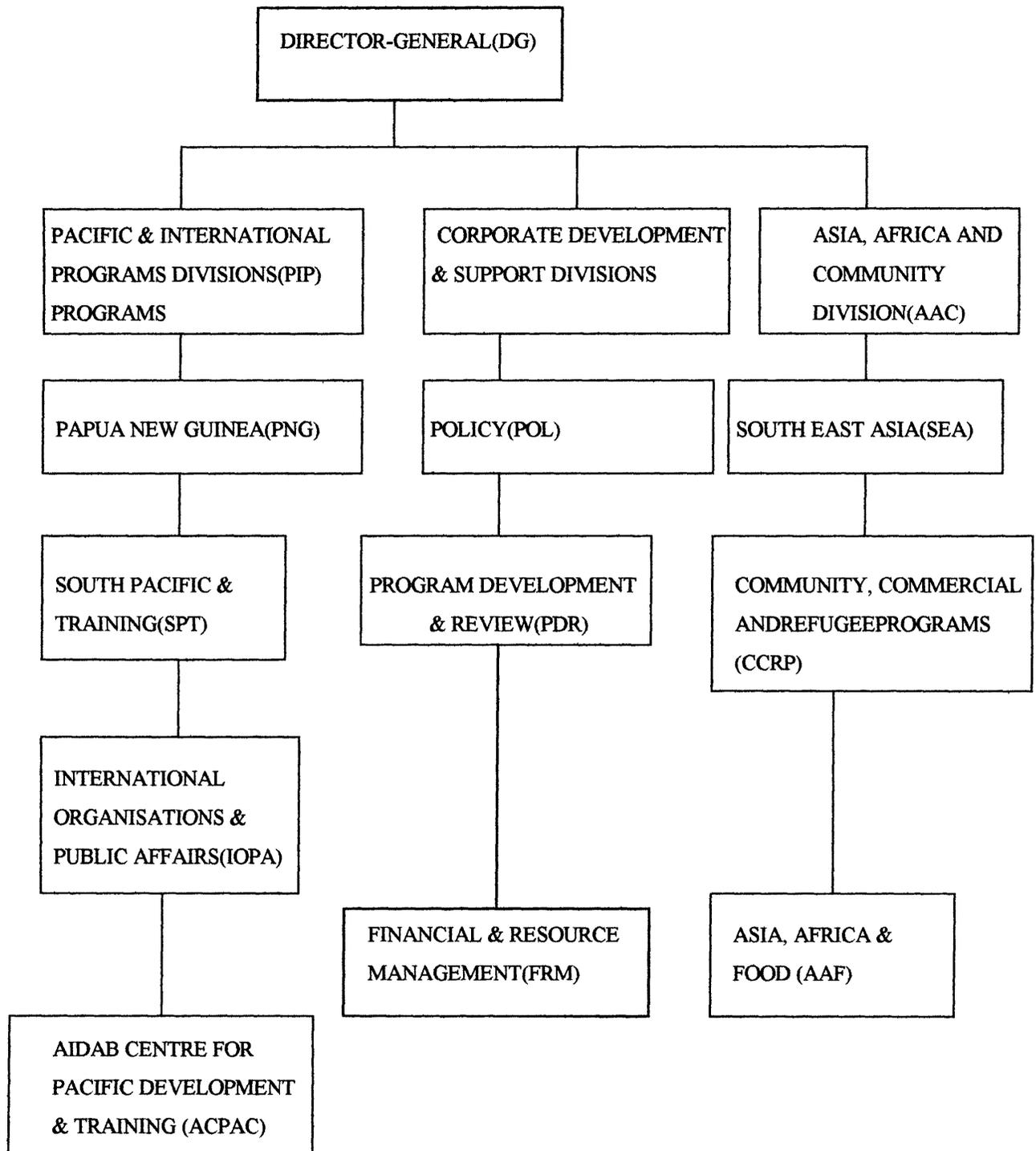
AIDAB's organisational structure as per Figure 3.1 indicates its functional responsibilities. After acquiring its new facelift in 1987, AIDAB entertains an autonomous status within the Department of Foreign Affairs and Trade. The structure enables direct accessibility to the Minister of Foreign Affairs. Since March 1993, a Minister for Development Co-operation and Pacific Island Affairs has been established. Pursuing a corporate management approach has ensured that high quality advice on development assistance matters is available to Government. Moreover the new approach has lifted staff morale and enhanced good relations with the staff of Foreign Affairs through informal consultations and frequent contacts. The key elements associated with the corporate approach include the establishment of a coherent programme structure for the aid programme, clear identification of objectives at all levels, specifying of goals and strategies to achieve the objectives, and monitoring efficiency and effectiveness (Jackson Report 1984; AIDAB 1988a).

3.5.2 Aid Rationale and Policy development

The rationale for the programme was revised after the Jackson Committee's (1984) review of the aid programme. The then Minister of Foreign Affairs, Mr Hayden, during his speech to Parliament in 1985 stressed the importance of the Government's commitment to the aid programme. The statement cemented the first official motive of the aid programme which also became the basis of the programme objective. It reads:

To promote the economic and social advancement of the peoples of developing countries in response to Australia's humanitarian concerns, as well as to Australia's foreign policy and commercial interests (AIDAB 1988a, 16).

Figure 3.1: AIDAB's (AusAID's) Organisational Structure



Source: AIDAB, 1993c

The objective is concerned primarily with development, but within the confines of Australia's humanitarian stance, foreign policy and commercial mandates. Like other aid donors, the Australia's stance on the issue of aid was initially based on humanitarian ideals, to help poor countries. Though political considerations predominate and are somewhat inseparable from economic and strategic motivations, they need *"to be balanced against each other through the political process."* (Jackson Report 1984, 19).

A policy statement by the Minister for Development Co-operation and Pacific Island Affairs in 1993 noted a shift to embrace ecologically sustainable development. Adopted from the Ministerial Policy Paper, it reads:

The Australian development cooperation program aims to promote the sustainable economic and social advancement of people in developing countries in response to Australia's humanitarian concerns, as well as our foreign policy and commercial interests (Bilney 1993, 3).

In order to achieve ecologically sustainable development, the Australian government emphasises an integrated approach reflecting economic, political, ecological, social and cultural considerations (AIDAB 1994b; Advisory Council on Aid Policy Meeting 1993). The environment, institutional strengthening and human resource development are new directions and are of great importance to the Australian aid programme. Specific attention is also accorded to private sector development, "including policy dialogue on macro-economic frameworks, and the promotion of micro-enterprise development" (AIDAB 1992d, 3). In the same document, the role of technical assistance and the ability of NGOs to participate in programme delivery will be strengthened. About 4.47 per cent of Australia's \$1,330 million total ODA was disbursed through Australian NGOs.

3.5.3 Strategies and Future Directions

The new AIDAB structure allows the staff to suggest to the government viable strategies for the aid programme. The Country Program Managers (CPM) positions were established to ensure a more co-ordinated management of aid through the formulation of strategies appropriate for individual recipients and conducive to Australia's foreign policy. The CPMs oversee the overall aid policy and planning of specific countries. These positions are the main contact point for the Bureau and the recipient country in terms of expertise, management and advisory services. Their functions include managing programmes, maintaining an effective pipeline of aid activities, managing expenditure and maintaining contacts with delivery agents.

This arrangement ensures that the outcomes of policy dialogue are reflected in aid decisions. The decision by the Australian government to commence a bilateral aid programme with Nauru was adopted after consultations between Nauru government representatives, the Policy Division of AIDAB and the Department of Foreign Affairs and Trade.

The delivery strategy for the 1990s takes a programme based approach. This remedial measure is assigned to arrest the *ad hoc* nature of the aid programme. The phasing out of budgetary support to PNG, which accounted for 32.4 percent of total bilateral aid (1992-1993), helped fund the idea of programme aid (AIDAB 1992f;1993b). Arguably from the donor's viewpoint this simplifies the administrative tasks and enables better financial accountability at the end of fiscal year. Moreover, this approach is argued by AIDAB staff to complement other economic activities which Australia is involved with. Programme aid will focus Australian efforts in areas of expertise and ensure that aid is consistent with the overall objective of the aid programme. The aim is to deliver forms of aid - such as projects, training and commodity aid - that reflect Australia's capacity to assist, at the time appropriate to the needs of the recipient country (AIDAB 1992d; 1993c).

The Australian Advisory Council on Aid Policy listed the following as future directions of the aid programme to the South Pacific in the 1990s:

- encouraging education and training in regional institutions;
- incorporating a full evaluation and assessment of the recurrent cost financing implications of each new project activity;
- increasing support for population related activities;
- supporting private sector development;
- increasing numbers of volunteers under the AESOP;
- increasing support for the rural sector which is the most important source of productive employment;
- supporting maintenance and management of existing infrastructure, rather than new infrastructure investment;
- increasing support for women in development initiatives;
- sharpening the focus of both indigenous and Australian-based NGO programs, especially in priority sectors such as health, population, environment and literacy;
- reducing the reliance of South Pacific governments on the services of expatriate professional personnel, through targeted localisation programs;

- increasing co-financing and parallel financing with other regional donors, in particular Japan, New Zealand and multilateral development banks; and
- established direct links, through new twinning arrangements, between South Pacific government agencies and Australian institutions.

Source: AIDAB 26 July 1993c, 6

Australia's future directions of its aid programme are indicated as follows:

- movement from budget support to program aid in PNG, representing a significant policy shift;
- increased emphasis on the rural sector in the South Pacific, a productive employment source;
- commitment to development in South East Asia and China because of their commercial appeal; and,
- aid to Africa will depend on Australian expertise.

Source: AIDAB 1992f, 2.

3.5.4 Australia's Education Policy Orientations Since 1980

A change in one part of the system affects other parts (Easton 1952). Substantial changes within the Australian higher education system mirrored international developments (Harris & Jarrett 1990). Activities traditionally located in the public sector became subject to pressures for privatisation and commercialisation. Commercialisation involves the imposition of private sector management and accounting practices on public agencies in order to improve their effectiveness and accountability. Though the Economic Development Institute of the World Bank argues the concept is either a legal formality or a political power-shift thus:

Commercialisation is usually presented as a rather legal formality to repackage legal rights in a form suitable for private ownership in a market economy. Past economic reforms, however, have often created quasi-private rights that are threatened by re-establishing clear cut state ownership through commercialisation (EDI Review, October-December, 1993, 4).

The idea of commercialisation has gradually permeated much of the Australian Public Sector operations.

Changes in the Australian tertiary education structure were associated with much wider domestic developments. First of all, the government realised the potential in marketing education to overseas clients,

a strategy to reverse Australia's poor economic performance of the early 1980s (Harris & Jarrett 1990; Harris 1991). Secondly, there was a transition from elite to mass higher education which increased demands on existing universities (Department of Employment Education and Training 1993a; 1993b). The 64 percent growth in tertiary intake between 1982 and 1992 reflected changing attitudes and aspirations at the time of bleak employment prospects. In addition, the decision to change the higher education system was intended to accommodate shifts in the labour market skills requirements. Overall the radical changes reduced government overheads (Jackson Report 1984; Dawkins 1987; Ryan 1987; AUSTRADE 1989).

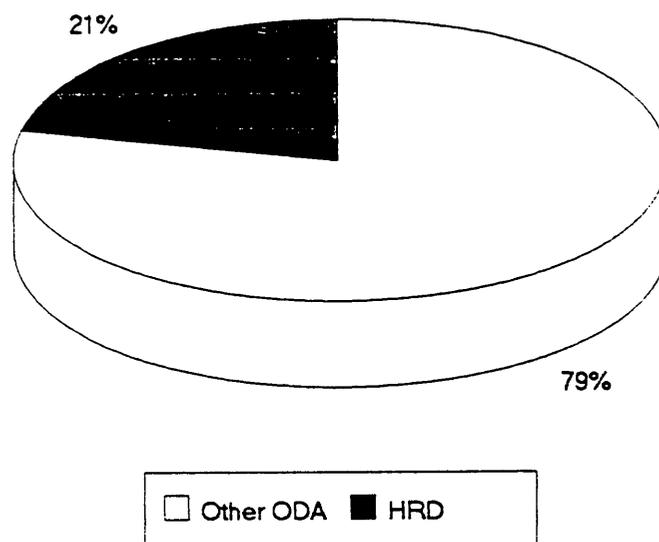
The implications of these radical changes have been diverse. Initially, existing organisation structures and institutional practices required total overhaul. The policy response was three-fold; firstly to upgrade Colleges of Advanced Education and Institutes of Technology to the status of fully fledged universities. This frequently involved the amalgamation of institutions. Secondly, it devolved some administrative functions from Federal level to implementing institutions. The upgrading of these institutions facilitated open competition for domestic and overseas clients. The devolution of responsibilities that were once performed by AIDAB to the International Development Program and the Department of Employment Education and Training for example, marketing education overseas - forced institutions to market their services through International Program Offices. This policy shift also involved adoption of a market approach to education employing the user pays principle. Thirdly, the Federal government sought to promote private sector development by expanding Technical And Further Education (DEET 1993a; Bilney 1994a; AIDAB 1992a; 1992d; 1992f).

Thus changes to both Australia's aid policies and tertiary education policy directions reflected the confluence of fashionable international developments, domestic economic conditions, pressure group demands, bureaucratic bargaining and government's evolving ideology

3.5.5 AIDAB's HRD Policy Direction

Australia's aid budget for education and training strongly favours higher education in Australia. Of total assistance to this sector, over three-quarters is allocated to South East Asia and the Pacific. Education is Australia's ninth largest export industry generating a total of \$1.1 billion annually (AIDAB n.d., 8). In effect, Australia retains aid on sponsored students domestically. Australia also benefits financially, employment creation and from research findings.

Figure 3.2: Human Resource Development Component of Total Australian Aid Funds



HRD Expenditure Components

- Country Programmes
- Sponsored Training
- Private Student Training
- Equity/Merit Scholarship
- Other Organisations

Estimated Total HRD Funds 1992/1993 \$294.3M

Source: AIDAB 1992

In the 1991-1992 aid budget, \$270m or about one-fifth of the total aid budget was allocated for HRD activities (Figure 3.2). This excludes the \$60m allocation per annum for the same sector through project funds. A further \$60-70m is built into training activities in other sectors. The bulk of students received support through three scholarship schemes of the Australian government. The Sponsored Training

Programme (STP) is a bilateral arrangement; Equity and Merit Scholarship Scheme (EMSS), which is now known as the Australian Development Co-operative Overseas Scheme (ADCOS), is a semi-bilateral Australian scheme; and those co-ordinated by the International Development Program for other universities.

In Australia training can be in short-term training with the Australian Centre for Pacific Development and Training or other institutions, attachments with particular industries or on-the-job training with managing agents or companies. The Australian government has promoted technical and vocational training reflecting future development orientations (AIDAB n.d., 8).

In the long-term, Australia derives trade and commercial benefits from tying education and training opportunities to Australia thus:

aid to education also provides trade spin-offs to Australia. Studying in Australia familiarises overseas students with Australian products, standards and Australian technology. Training professionals and managers demonstrates Australia's private and public sector managerial strengths. As their careers develop after completion of their studies, former students are potential assets for Australian firms who trade, invest or tender for projects in the region (AIDAB n.d., 8).

Such education in Australia contributes to fostering good relations between Australia and neighbouring countries. Australia's future direction in HRD include:

- rationalising and strengthening higher education services in developing countries;
- providing additional short-term vocational and technical training in Australia and in recipient countries;
- expanding in-Australia scholarship to benefit a large number of individuals in target countries;
- boosting basic education activities particularly at Primary levels to fight against poverty; and,
- strengthening the AIDAB Centre for Pacific Development and Training to service the training needs of developing countries.

Source: AIDAB 1992f

Australia's future support in education and training will be built into projects. This is viewed as cost-effective in terms of investment in training as well as reducing AIDAB's role in administrative tasks. A slightly different argument to this initiative is that it targets training of existing employees whose knowledge and skills need upgrading. From Australia's viewpoint, it ensures continuity of projects once

technical assistance is withdrawn. The most effective way of achieving this is through greater integration of Australian assistance with the recipient country's programme.

3.6 OVERVIEW OF DISCUSSION AND PROPOSITIONS

The historical evolution of aid and lessons from past development decades provide valuable insights into shortcomings contributing to unachievable goals. Hypothetically both donors and recipients could learn a lesson or two from the above.

Australia's aid policy direction and strategies are undoubtedly fashioned by the over-arching ideologies prevalent among other donors. Although donors' conditions and procedures are different reflecting their own policy preferences, fundamentally, their aid policies are basically similar. Just about all donors' aid policies are influenced by the economic ideology. Once again it appears that donors including Australia are still treating every recipient, similar to each other. Standardisation is the biggest mistake in the aid policy arena simply because no two recipients have similar development aspirations and even if they do, there are likely to be some problems because of recipient specific variables. Although the Marshall Plan was hailed as a success, it had not worked in many instances.

The second lesson one can draw from the above deliberations is the crucial role of communication. What has been missing in the development equation and core to the issue of aid is the voice of the beneficiaries of these very development. This does not mean the consultative process does not happen, otherwise how else can one explain the many consultancies, meetings and missions. Consultations are carried out between donors and recipients but the employment of the top-down approach by many donors meant prescriptions for recipients' development are predetermined and are therefore very similar. Consequently most recipients spend time preparing presentation which in the end have minimal effect on progress. In addition, most recipients are not familiar with the jargon used by donors. In view of these obstacles, admittedly unless donors and recipients are genuinely committed to the purpose of development, share a common understanding on impeding structural factors and appreciate each others perspective, aid will continue to be a fruitless endeavour for all parties. Donors are not totally blamed for all faults. Recipient governments are also responsible.

The arguments by the radical right and past lessons are quite valid and should be used constructively by an aid dependent like Western Samoa. Briefly, the tendency by donors to intervene derives from the unhealthy state of affairs within recipients. Without pre-empting the discussion in later Chapters, the main concern by Australia is Western Samoa's disappointing progress given all the financial assistance it received over the

past years. Central to Western Samoa's problem is the obstacles arising from the co-existence of two systems operating on different rules and practices. Simultaneously, this co-existence affects the quality of development policies, the administrative practices and systems and the commitment to achieve within a given timeframe. The strength of Samoan customs and traditions impact on the quality of decisions and the processes of decision making. What is noted as a significant hindrance to Western Samoa's development is the reluctance of people to accept changes. Samoans are known for following the legacy left by fore fathers and colonial administrations even though part of this legacy is counter productive and outdated. For instance, although reforms have occurred slowly, legislation stating regulations and procedures have changed very little since the New Zealand time. But the overall failure, as with outdated procedures and policies, is the lack of initiative and vision somehow reinforced by centralisation in the system. Chapter Five elaborates on the contributing factors to Western Samoa's development dilemma and their implications. These are discussed in collaboration with findings of the research in Chapters Seven and Eight.

In brief, the most commonly cited factors hindering the effectiveness of aid programmes and projects are provides in the following paradigm and provide propositions for discussions in relation to case study findings.

Donors' Criticisms by Recipients

- Lack appreciation of recipients structural characteristics;
- Harsh and complex aid policy conditions and procedures;
- Issue of recurrent maintenance and operating costs; and
- Degree of uncertainty in achieving project and programme goals because of hidden motives; and
- Standardisation

Recipients' Criticisms by Donors

- Weak administrative systems and managerial capability;
- Inter and intra-departmental conflicts and power struggles;
- Inappropriate domestic development policies driven by political and personal agendas;
- Too much centralisation;
- Certain degree of reluctance to accept interventions and commit to changes;

- Limited financial resources ; and
- traditional practices and habits

3.7 SUMMARY

The above discussion reflects that international agendas impact on domestic affairs whether by choice or otherwise. Western Samoa benefits from assistance by various donors to fulfil identified national goals. There is ample evidence that these goals are not being met for a multitude of reasons. The bureaucratic model of policy making highlights some of the reasons for Western Samoa's incapability to achieve its development goals. If Western Samoa is to make the best use of aid, it must reconsider its policy options, structure of operation and strategies to achieve its national development goals.

The complexities surrounding the concept of aid hence donors' aid policies further disadvantage Western Samoa. This arises from donors' and recipients' differences in motives, and individual players' ideological orientations. Such differences were further reinforced by the fashionable rhetorics responsible for the ever changing aid emphases. Fashionable concepts like institutional strengthening, accountability, efficiency, and sustainability are buzz words of many donors, promoted endlessly by the World Bank, United Nations and aid consultants as development strategies for the 1990s. Australia has adopted these concepts and they have influenced its aid policies more so in the 1990s. But the question is, are these concepts suitable in the local context or are the aid programmes of donor countries and agencies provided to reinforce their acceptance in recipients regardless of their appropriateness? Furthermore, how will the next decade assess the appropriateness of the 1990s strategies. The bottom line is fashionable ideas surfaced and died whilst the purpose of aid to eradicate poverty and assist development is lost. Effectively, aid has become a mere battleground of ideological shifts.

PART TWO

THEORETICAL CONSTRUCT

Part Two examines policy and decision making models or approaches within two different contextual frameworks, Australia and Western Samoa. Western constructed policy making models/approaches are assumed to apply to the policy making processes in Australia. In Western Samoa, limited literature is available on the subject. As such, the description provided in Chapter Five derives from the author's experience as a Samoan, observations of the village daily life and bureaucratic operations.

The purpose of this theoretical construct is to examine the recent claims by aid donors, Australia included, that existing aid policies do not work. Aid policies as evident from Chapter Three are outputs of complicated processes, systems and ethical issues. The study's findings will be irrelevant without reasonable understanding of the process of policy making. Essentially Chapters Four and Five provide a framework of analysis identifying factors at play during aid policy formulation and implementation. Moreover, the argument that Australia through its bilateral aid programmes does influence the directions of HRD in Western Samoa can be verified.

Insights from Part Two and findings from the selected case studies will be synthesised in Chapter Nine, assessing the merits and limitations of Western models. Understanding the difficulties encountered during the implementation of case studies may provide some alternatives to improve policy making. The study anticipates that alternatives could well apply to other sectors of the economy which rely heavily on aid, and to decision making in other small island states like Western Samoa.

CHAPTER FOUR

WESTERN MODELS OF POLICY MAKING

4.1 INTRODUCTION

This thesis is concerned with the policy processes in Australia and Western Samoa and the interaction between the two. Chapter Four examines the policy processes through the use of several models. Since numerous theoretical ideas about these processes have been developed in the West and may apply to Australia, these are explored, in particular the models influencing Australian aid policy decisions. The applicability of the models to Western Samoa will be assessed in Chapters Five and Nine. The purpose of this exercise is to enlighten policy makers in both countries about the strengths and weaknesses of their policy approaches, so that realistic strategies are formulated to ensure the sustainable utilisation of aid.

Policy and decision making processes between two vastly different political units are complex. These complexities are conditioned by the economic, political and socio-cultural structures of the two countries, not to mention the over-arching challenges from the new international demands both countries need to address in development policies. Societal norms influence people's values and their policy preferences. In that regard, complexities surrounding the policy processes are a combination of unpredictable human behaviour, competing demands and uncertainties triggered by rapid changes. Such a scenario requires governments to produce flexible legislation resulting to constant changes. Whilst changes are frequent and may directly affect contemporary government structures, the success of any policy depends on people in institutions. Shifts in aid policies as discussed in Chapter Three reflect the preferences of policy makers in donor countries. The process of policy making cannot be fully understood without an appreciation of human behaviour and institutions of government.

4.2 HUMAN NATURE AND CONTEMPORARY SOCIETY

Human nature has been a subject of fascinating discourse among political philosophers dating back to Plato and Aristotle. Philosophers' assertions have been diverse, reflecting individual experiences and changes society underwent. Fundamentally, human beings interact with each other to fulfil their needs, leading to the establishment of a state. At the global level, the establishment of many international and regional institutions such as multilateral organisations derived from common interests of member countries to serve or achieve specific purposes. The interaction is not always equitable because nations tend to pursue their own interests.

Among other things, inequality is one common element basic to the establishment of international aid organisations such as the UN, WB and others. Assertions by St Augustine, Hobbes, Machiavelli and Rousseau implied that inequalities are caused by humans' quest for power to satisfy individual ambitions and self-preservation. Self satisfaction and obsession with accumulated material wealth brought about by civilisation leads to greediness, corruption and competition with each other (Baker 1959; Fletcher 1971; Plamenatz and Wokler 1992). Such behaviour is referred to by Chandler (1988, 186) as the "elemental forces of personal aggrandizement without any necessary regard for others".

Contemporarily, aid donors are using their influence to advance major policy shifts or reforms which, as indicated earlier, tend to satisfy their own interests regardless of their political and bureaucratic viability to the recipients. These policy shifts, are summarised by Self (1989, 41) as consequences of "new popular movements demanding such things as environmental protection, stronger individual rights, and greater openness and control of public administration itself", which often deny the altruistic purpose of aid. Trade liberalisation reinforces the above claim by philosophers and the emergence of "possessive individualism". Such possessive individualism is evident by donor agencies' insistence on reforms in development policies and administrative systems and structures. Free-market principles encourage competitiveness and reaffirm assertions of human beings as greedy, corrupt, brutish and self-preserving. This policy climate may not be conducive with the purpose of aid as Marcuse explains:

individuation culminates in a complete loss of self; and rationalization, in universally self-destructive irrationality (cited by Kettler 1976, 5).

Against these trends, the assertions by some philosophers that government's imposition to minimise humans' earthly qualities is justified. Regardless of criticisms against government, it has an important function especially in the context of this thesis. Today's ethically driven issues mean governments are made to be more accountable to citizens' demands (See Chandler 1986; Hula 1988; Self 1989; Hughes 1989; Hood 1989).

From the above discussion, it becomes apparent that human interaction is fashioned by its own creations, Weber's pessimism on mankind being imprisoned in an iron cage of his own making (Cosser 1971, 233). Weber's "iron cage" image refers "to a new form of slavery in bureaucratic, rational capitalism" (Porter 1985, 56). In trying to break free from centralised control of government, today the iron cage irony is the unpredictability and uncertainties associated with free-market rationalism. Remarkably, the assertion promoted by economic rationalists questions the many traditional roles of government. But Cohen et al (1985, 1213) argued, "economic development is the very stuff of politics - the kernel of crucial decisions.

The resurgence of free-market values in America and Britain during the 1980s resulted in many crucial decisions in government structures (Crenson 1971; Parry 1976; Miller 1988; Mackay 1993).

4.3 FUNCTION OF GOVERNMENT

Government evolved to fulfil specific functions; regulatory functions, spending functions and provisionary or public bureaucracy functions (Chandler 1988; Self 1989; Hood 1989). Ideally, government exists to further the common interests of individuals - John Locke's idea of a social contract accounts for civilised people uniting to form governments. Yet, contemporarily, governments have been under attack from different sides for various reasons with the lack of accountability as the main one. From the literature, two factors underline criticisms levelled at government; (a) government has too much power and (b) government has grown continuously against dwindling resources. Though the main libertarian critique of government is that it (a) wastes money on frivolous expenditures; (b) cannot allocate resources efficiently (allocative efficiency); and (c) cannot operate services efficiently (productive efficiency). All of these deficiencies come with high opportunity costs attached. The market-based campaign against government is liberal orchestrated. But Self (1989, 36-37) stressed that the debate on the role of government has gone full circle:

once it was the failures of the market which government was asked to remedy; now the market is looked to as a solution for the failures of government.

The claim that government has too much power coincides with the "diffuse and multi-faceted" perception of government's functions today. As government's power base expands reflecting citizens' demands it contravenes the essence of democratic government. Sartori (1987, 8) considers this is inevitable since a democratic government is "uniquely open to, and hinged on, fact-value tension". Although, most Western governments are elected on democratic procedures (Sartori 1987, 7), assuming "people means everybody is a conception that stands on the strength of its denotative vagueness". It follows that decisions by government would always disadvantage some group of people therefore disgruntlement with government ensues (Weiss 1992). Marcuse hammers the point home pointing out:

as long as this is the history of mankind, the 'state of nature,' no matter how refined, prevails: a civilized *bellum omnium contra omnes*, where the happiness of the ones must coexist with the suffering of the others. (quoted by Kettler 1976, 8).

The diversity in citizens' demands entails the expansion of government functions, and not necessarily satisfying each one. Overall, Hughes (1989, 72) considers that "government grew because citizens wanted government to do more for them, and made these demands through the political system." Weiss (1992, vii) exemplifies contemporary realities saying:

Officials are buffeted by demands, increasingly constrained in resources, under constant scrutiny from the media and the public. The agencies that they govern are "pluralistic, divided, under-informed, short-sighted, only partly in control of their processes, and are unable to guarantee the outcomes which they promise. There are enormous gaps, and sometimes no linkages at all, between realities, perceptions, decisions, actions, and consequences.

Moreover, Hughes (1989, 72) argues that government's operations are, "matters of politics rather than narrowly-conceived economics."

Objectively, failures of government to implement policies are a tangled interconnection of many factors, some indirect. This is all too obvious in aid administration, the hiccups are either with finance, infrastructure, skilled employees, delivery systems, or recipients are simply overwhelmed by the magnitude of the various tasks and donors' conditions.

As indicated above, the criticisms against government derive from economic rationalists. Their argument for efficient allocation and productivity have impacted on government policies and the bureaucratic practices. The adoption of private sector management principles can be challenged on many grounds, some of which are discussed in details in Chapter Eight. Several strands of the challenge are summarised by Self as follows:

..consideration does not apply to the policy-making function, insofar as the state has unique coercive powers, unique taxing powers, unique obligations of equity and social responsibility, and is involved in a much more complex balancing both of competing values and of possible tools of implementation than in the case of the private sector (Self 1989, 38).

The claim that government is inefficient falls largely on the bureaucracy as explained by Davis *et al* (1988, 107):

it is Cabinet which has the final say, bestowing legitimacy on policy. In practice, government agencies must make administrative decisions about the allocation of resources, and may maintain or expand programmes without cabinet review.So government is not always involved in the choices made by its agencies. Departments and statutory authorities negotiate policy.

4.4 BUREAUCRACY

Jacob (1966, 34) adopted Max Weber's (1864-1920) characteristics of a bureaucracy and defined the concept:

as a complex system of men, offices, methods and authority which large organizations employ in order to achieve their goals.

The operation of a bureaucracy emphasises technical objectivity and the integration of employees into a mechanised system. The term bureaucracy refers to the fact that an employee's very existence is directed and controlled by central agencies; not only is he unable to escape from the regulation and manipulation, he seems to depend on it (Jacoby 1973, 1). Porter went further arguing (1985, 56), bureaucracy binds individuals in terms of 'manipulability, calculability, measurability', to a worldly domain characterised by a belief in its susceptibility to such procedures. Through capitalism, the idea of bureaucracy was exported as a component of mass democracy (Chandler 1988, 183).

Bureaucracy is central to this thesis because it manages the core business of government - policy making. Bureaucratic power derives in part from its knowledge of complex issues that the political system finds difficult to grasp. It also derives from keeping the wheels of state ticking. Bureaucrats are advisers, administrators and implementors of government policies. Bureaucracy becomes a "part of the institutional pressure cooker environment of state decision making" (Davis *et al* 1988, 26). The bureaucracy is the government's artery, providing the required services to the general public.

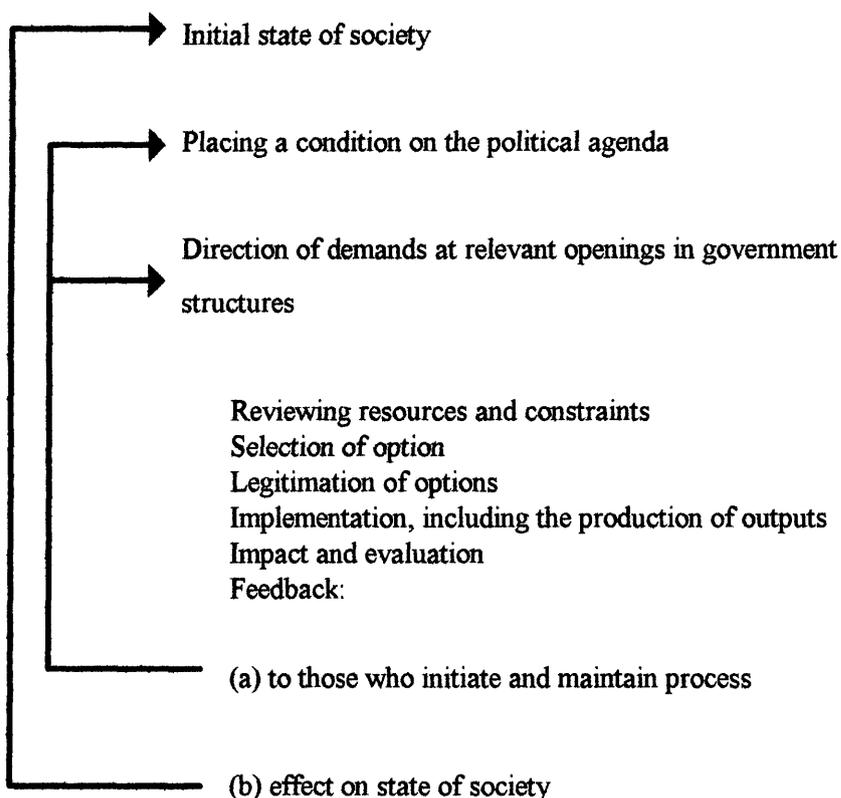
Far from the ideal prescribed by Weber and others, the bureaucracy's operational structures and practices are criticised as inconsistent with democratic government. This is based on the lack of neutrality, objectivity and fairness in applying rules and regulations. Furthermore, employees' conduct tends to be selective. As a result, the bureaucrats are far from being loyal to the organisation they serve; rather their loyalties lie either with those in powerful positions or those with similar ideological ideas and principles. Leftists criticise the structure perpetuates and reinforces the inequality in power. Rights attack it for inhibiting individual initiatives through excessive control (Sections 3.3.3 and 3.3.4).

4.5 APPROACHES TO POLICY

It appears from the above that policies change over time reflecting values and beliefs of citizens, however, the mechanisms of policy formulation are generally similar between countries. The search by academics and practitioners for approaches and techniques to improve policy indicates the dissatisfaction with policy

outcomes (Dror 1968; Dye 1976; Frazer 1983). Davis *et al* (1988) and others note that most government policy decisions are done on an *ad hoc* basis, a far cry from Simon's Rational Comprehensive model. Figure 4.1, adapted from Rose (1973), identifies stages of the policy process.

Figure 4.1: Stages in the policy process



Source: Rose (1973) quoted from Hogwood and Gunn 1984,25)

The search for improved mechanisms of policy making leads to the establishment of independent public policy institutions, for instance, the Brookings Institute in America, or the Committee for Economic Development of Australia (Marsh 1983) and large scale public service inquiries (Review of Commonwealth Administration, 1982). Frazer (1983) notes that most inquiries in Australia imply that ministers, and not bureaucrats, should be the final decision makers, responsible to parliament. In addition, specific emphasis is suggested for effective bureaucratic procedures to produce coherent outcomes. In the academic domain, policy analysis has become a core subject in many management schools. Various techniques of planning, budgeting and social impact assessment are recommended. But the truth remains that policy making is

above all about politics thus "policies are guided by electoral concerns, not rational solutions" (Davis *et al* 1988, 109).

4.6 The Concept of Policy

Policy, according to Wildavsky (1979, 387), "is a process as well as a product". Hecllo (1972, 85) talks of a course of action or inactions rather than specific decisions or actions. Jenkins (1978) and Easton (1953) refer to policy as an interrelationship of many decisions. We can deduce from the above that policy is not static, but undergoes continuous evolution. It is a process and a product central to government activities. This is reinforced by Wildavsky's assertion that the process is "concerned with both planning and politics" (1979, 17). Agreeing with Ham and Hill (1984), this thesis considers policy as a series of decisions pursued over a period of time and therefore subject to adjustments.

4.7 MODELS OF POLICY MAKING

4.7.1 Systems Approach

Easton's writings (1953) were influenced by systems theorists who develop models of the organisation analogous to animal and mechanical systems. The organisation is conceptualised as a complex of relationships, having an underlying logic, keeping in balance internally and externally with its environment, and having inputs, outputs, control mechanisms and feedback sub-systems (Easton 1965a). Adopting the same principle, Easton claimed that political activity can be "analysed in terms of a system containing a number of processes which must remain in balance if the activity is to survive" (Ham and Hill 1984, 13). The processes interact with each other to maintain the balance of activities in other systems, for example, social, economic and ecological.

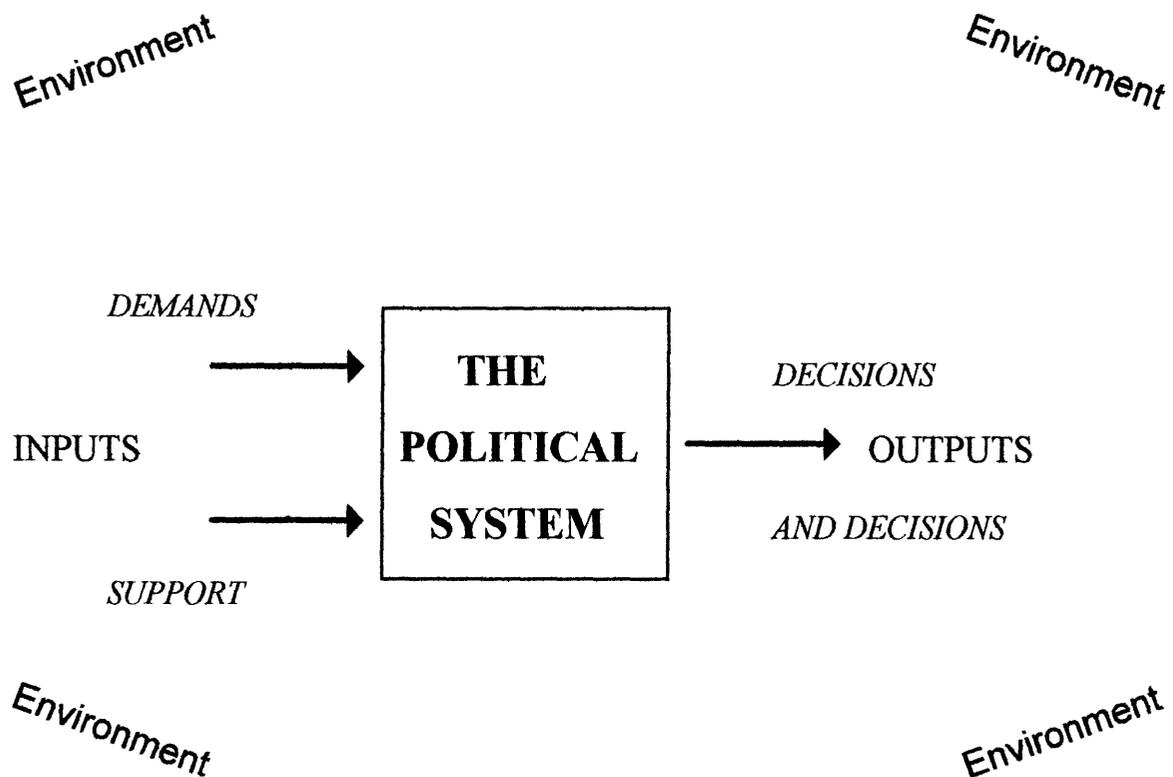
Easton explains that inputs into the political system consist of demands and support from citizens and groups. Demands are actions pursued by citizens so that resource allocation addresses their needs. On the other hand, supports include "compromise actions such as voting, obedience to the law and the payment of taxes" (Ham and Hill 1984, 13). These demands and supports are dealt with during decision making which subsequently results in policy outputs. Government policy decisions influence future demands and supports. Figure 4.2 provides a diagrammatical representation of the model.

The systems approach contributes to policy analysis through its acknowledgment of the complexity surrounding political activity. This complexity is a result of many other systems interacting simultaneously with the political system. The merit of this model lies in its emphasis on processes rather than on

institutions and structures. Moreover, it segregates the policy process into inputs, "conversion process", outputs and feedback.

But the model has its shortcomings. The complexity of political activity, evident as government muddles through, does not necessarily follow the mechanistic approach provided by Easton. Policy making is a dynamic activity involving dynamic institutions and mutual learning processes. To reiterate earlier philosophers' perceptions of human nature as calculative, greedy and corrupt, it is possible that demands are not external to the political system but rather are initiations of policy makers. A point made by Edelman (1971) is that political demands may be manufactured by leaders, who thereby create conditions for their own actions.

Figure 4.2: System Model



Source: Easton, 1965

A second limitation of the systems approach arises from its inadequate discussion of what happens in the "black box of decision making". It fails to provide a complete account of players' roles, be they policy-makers or bureaucrats, and the dynamic of decision-making so that we turn to other models, notably those explored by Allison.

Allison (1971) chose a case study approach using the Cuban missile crisis to assess the merits and limitations of three dominant models. Focussing on the policy process Allison was concerned with factors that influence policy formulation. The analysis compared the Rational models, the Organisation Process model and the Bureaucratic Politics model. These models are discussed in the following paragraphs.

4.7.2 Rational Comprehensive Model (RCM)

The birth of the Rational Model is associated with the work of Herbert Simon (1945). Simon's idea of rationality derives from the Behavioural theorists' quest to determine employees' behaviour in organisations. Simon alleged that decision-making is an activity central to organisational study. Assuming that humans behave rationally, rationality constitutes the core of the comprehensive model. Table 4.1 highlights stages in a rational policy process.

Table 4.1 Stages in a rational policy process

1. **Recognition of a policy problem**
2. **Specification of procedures**
3. **Understanding on goals and principles**
4. **Formulation of policy alternatives**
5. **Consideration of policy alternatives**
6. **Decision on a policy**
7. **Implementation of the policy**
8. **Review and evaluation of the policy**
9. **Decision on the future of the policy**

Source: Marvin S. Soroos 1991, 6.

Theoretically the RCM prescribes the best way to make a choice, emphasising a "decision is a choice between alternatives". Simon's work proclaims the organisation has consistent goals to be achieved through a comprehensive selection between alternatives. From this a rational choice is made conducive to maximise organisational goals. In cases involving a choice between alternatives, the selected alternative must ally

with the desired outcome. It follows that rational decision-making permits the selection of the alternative which maximises the decision maker's values. Decision-making according to the rational model is a systematic activity whereby a decision maker's values are identical to organisational goals. The model assumes that organisations are monolithic entities with consistent goals, and that options and alternatives are identifiable because information and other resources are available.

Overall, the model provides an idealistic view of decision-making in organisations and because of this it has been criticised on most counts (March and Simon 1958). Empirical evidence, particularly in government sphere reveals that individuals are neither rational nor have similar values to organisations (March 1980; 1981). Secondly, organisations are far from being homogeneous. In addition, the comprehensive process of choosing alternatives is hardly the case in policy making because of resources and time constraints, and imperfect information. Lastly, consequences of a policy are only known during and after implementation because of societal complexities (Pressman and Wildasky 1973).

In response to criticisms against comprehensive searching for alternatives, Simon (1957) introduced the idea of "bounded rationality" whereby an alternative is chosen because it is satisfactory. "Satisficing" describes the simplification of the decision-making process instead of the comprehensive approach.

4.7.3 Successive Limited Comparison-SLC or Incrementalism

In response to the overwhelming weaknesses of Simon's comprehensive model, Lindblom's "Science of Muddling Through" (1959), provides an alternative perspective. A Branch model known as Successive Limited Comparison claims that policy proceeds by increment. Lindblom's descriptive notion of incrementalism provides not only a counter argument to the Root model but also a rather realistic insight to the policy making process.

Table 4.2: Stages of Successive Limited Comparison

1. define and rank governing values;
2. specify objectives compatible with these values;
3. identify all relevant options or means of achieving these objectives;
4. calculate all the consequences of these options and compare them; and,
5. choose the option or combination of options which would maximise the values earlier defined as being most important.

Source: Adapted from Hogwood and Gunn 1984, 46

The Science of Muddling Through claims that policies only differ from each other incrementally or marginally. This observation reflects three events. Bureaucratic decisions depend on repetitious practices as such decisions are far from being comprehensive as they are guided by past experiences. The incremental process allows consideration of a limited number of alternatives, minimising mistakes. Through limited comparison, it weighs simultaneously facts and values, and means and ends thereby enhancing acceptance by participants (Ham and Hill 1984; Davis *et al* 1988). Therefore policies and decisions taken are only partial achievement of goals; as Wildavsky (1979) claims, "problems are not so much solved as superseded" by other problems. As indicated earlier, a policy can satisfy only some people, sometimes.

Comparatively, the SLC model provides a more realistic understanding of decision-making in government and other organisations compared with the Comprehensive model. To elaborate Lindblom's assertion, it is common practice in government for bureaucrats to refer to files and records in calculating their choice of action. This is obvious in budgeting, planning and personnel matters. To minimise a drastic outcome, a recommended choice of action is based on previous decisions. Acknowledging Simon's bounded rationality, analysis by the Branch model starts from existing policy thus:

through limitation of policy comparisons to those that differ in relatively small degrees from policies presently in effect (Lindblom 1959, 84).

The other argument put forward by the Branch model is decision makers adjust objectives to available means instead of striving for fixed objectives. Thus the test of a good policy is when various analysts find themselves directly agreeing on a policy though they may disagree on the most appropriate means to that objective (Lindblom 1959, 81). Again Lindblom seems to agree with Simon's (1957) idea of "satisficing".

The significant contribution by Lindblom to policy and decision making is his idea of policies being different from each other incrementally. Policy is like knowledge: incremental change punctuated occasionally by paradigm shifts. Thus "it is not policy design but redesign that occurs most of the time" (Pressman and Wildavsky 1973, 172). Evidently, radical policies that disrupt the *status quo* experience more difficulties at implementation than those having minimal effect on people. Allison (1971, 113) notes:

while minor modifications in organisational routines occur constantly, major organisational changes typically follow, rather than precede, major crises.

The introduction of Programme Analysis and Review (PAR by Hecl and Wildavsky (1981), to assist departments reduce their spending, failed because it involved a major reorganisation in departments.

Likewise, an introduction of new technology and working practices faced resistance from employees. Yet, if changes are less disruptive there are greater chances of acceptance.

In later writings, Braybrooke and Lindblom (1963) refine the Successive Limited Comparison method by offering disjointed incrementalism. Disjointed incrementalism involves "examining policies which differ from each other and from the *status quo* incrementally." (1963, 2) Braybrooke and Lindblom describe the strategy as disjointed incrementalism because policies and problems are analysed at different points without apparent co-ordination.

In pursuing the idea of co-ordination, Lindblom (1965) proposed a concept of partisan mutual adjustment describing how co-ordination can be achieved between people in the absence of a central co-ordinator. The concept reflects the behavioural instinct of decision makers assuming leadership roles.

Like the Rational Comprehensive model Lindblom's Successive Limited Comparison has its flaws. These are dealt with below in considering alternative approaches.

Dror (1964) criticised Lindblom's incrementalism as conservative bias which acts "as an ideological reinforcement of the pro-inertia and anti-innovation forces". (1964, 153). He explained that the strategy of muddling through is only viable in instances where policies do exist and are satisfactory. In circumstances involving significant social changes, incrementalism becomes irrelevant. This view is categorically flawed as most significant policy changes occur incrementally.

Of the dominant Rational Models, Dror suggested the need for a "normative optimum" model synthesising "realism and idealism". The idea is to "increase both the rational and extra-rational elements in decision-making" (p.157). The extra-rational elements include the use of judgements, creative invention, brainstorming and other approaches (Ham and Hill 1984, 86). Dror suggests a balanced approach between rationalism and incrementalism as an alternative. Whilst accepting the relevance of incrementalism as a descriptive theory, Dror stressed the Optimal Method as a "means of strengthening and improving" decision making. It places significant importance on the process not content of policy, "policy making on how to make policy", - the notion of "meta-policy". Dror's main contribution is his recognition of extra-rational elements.

Etzioni (1967) also tries to provide an alternative to the earlier rational models. He advocated Mixed Scanning as an option differentiating fundamental decisions from incremental or piecemeal decisions.

Fundamental decisions involving war issues and space programmes cannot be discussed adequately on the basis of incrementalism. Denouncing incrementalism, he claimed that "steps may be circular - leading back to where they started, or dispersed - leading in many directions at once but leading nowhere" (Etzioni 1967, 387).

Accordingly, fundamental decisions "set basic directions" thereby providing parameters for incremental decisions. He advocated Mixed Scanning as a means by which fundamental decisions can be made by exploring different alternatives. Unlike the process of detailed exploration proposed by the RCM, Mixed Scanning "involves the decision maker undertaking a broad review of the field of decisions" (Ham and Hill 1984, 86). This necessitates a consideration of long term alternatives which produce fundamental decisions. Incremental decisions occur both as precursors to, and in the aftermath of, fundamental decisions.

The weakness of Mixed Scanning revolves around the significance of fundamental decisions. Are they as important as Etzioni suggests? His notion of fundamental decisions is hardly relevant in policy areas where actions are justified on the idea of repetitions and previous experiences advocated by Lindblom. A further difficulty is the absence of criteria to distinguish fundamental decisions and incremental decisions.

Lindblom (1965), addressing the problem of co-ordination, proposes the idea of Partisan Mutual Adjustment. The concept refers to how policy-makers ought to behave. It is in accordance with Wildavsky's understanding that decision makers adapt to decisions around them. This is something akin to bargaining and negotiation essential to the Bureaucratic Politics model. Moreover, Lindblom's theory of incrementalism does share the central theme proclaimed by the Organisation Process Model.

4.7.4 Organisation Process Model (OP)

The OP model explains policy as outputs of organisational processes. An organisation has objectives and interests to fulfil. Since an organisation has manifested interests, there are procedures and actions chosen to resist any antagonistic policies. But conflicts among different alternatives are never resolved completely. To overcome threats, an organisation tends sequentially to prioritise objectives. This process helps an organisation to adapt given existing rules of action and standard procedures which also monitor the behaviour of employees. In other words it provides, a guide to action and choice (Pfeffer 1981, 22-23).

As discussed above, Lindblom assumed changes in organisational policies and decisions are only incremental. The OP model's contribution is to clarify organisational behaviour focussed on the importance of established rules of actions and standard operating procedures; a repertoire of behaviours.

This is the central point of the OP model. Furthermore, challenging the RA model's failure to acknowledge and accept the existence of uncertainty, the OP model emphasises that by following normal procedures, uncertainty can be minimised because actions are specified. Pressman and Wildavsky (1973, 133) emphasise that:

the purpose of bureaucracy is precisely to secure this degree of predictability.multiple and advance clearances and standard operating procedures, serve to increase the ability of each participant to predict what the others will do and to smooth over differences.

This feature of the OP model assists the organisation in determining which actions to pursue, thereby reducing uncertainty. Furthermore it protects the individuals and departmental interests from unnecessary interference. Simon (1979) summarises this point by claiming that the OP model:

substitutes procedural rationality for substantive rationality, which is rather than having choices made to maximise values, choices are made according to rules and processes which have been adaptive and effective in the past. (adapted by Pfeffer 1981, 22).

The most significant contribution of the OP model which again was overlooked by the RA model is recognising that "there is a real difference between individual decision makers and organisations" (McGrew and Wilson 1983, 8). There are times the individual may regard organisational goals as a threat to personal interests, security and preferences. An individual's proximity in the organisation may result in information being controlled, distorted and suppressed for personal gains. The OP model re-emphasises the aspect of divergence between individual interests and organisational goals.

In view of the RA model's limitations, the OP model stresses the reality embodied in the bureaucracy and argues that government is not a monolithic entity but a conglomeration of interests. Thus "decisions made by government are seen less as choices but as outputs of large organisations" (Allison 1971, 67). It is the focal point of this model that "organisational behaviour is guided by previously established procedures" (Allison 1971, 73).

The OP model advanced our understanding but not without limitations. Organisational interests and goals need to be safeguarded from other organisations therefore organisations are biased. The distortion and control of information by employees denies the claim by the OP model that the policy process observes rules and procedures. The filtering process is done by individuals to protect personal, division and/or departmental interests thus:

The civil service, masquerading under the guise of professionalism, actually promotes unprofessionalism practices by protecting government personnel against demands for accountability (Chandler 1988, 188).

Sometimes the act of information distortion abolishes issues from the agenda, the idea of non-decision discussed by Parry and Morriss (1974).

A further weakness of the OP model is the tendency in most governmental organisations to have vague and ambiguous goals. The ill-defined nature of goals and objectives in soft areas like education and other social services is easily manipulated by bureaucrats for their own purposes. Furthermore, delays and bottlenecks in government operations are caused by the dispersed nature of authority. There are uncertainties regarding the relative powers of the executive and legislative arms *vis-a-vis* public employees as noted by Chandler (1988, 192):

Public employees may find themselves in positions where they are responsible for implementing a statute, having strong legislative, but which is opposed by the political leadership within the executive branch.

This being the case, the essence of the OP model, procedures and rules, is meaningless as it hinders the search for improvement in policy making.

Although the above models do provide valuable contributions or understanding of the process of policy making, their emphases are generally influenced by the idea of individuals behaving rationally. This is not the case according to the Bureaucratic Politics model. Calculative and manipulative behaviour of individual players is mooted as an alternative way of understanding policy making.

4.7.5 Bureaucratic Politics Model (BP)

Fundamentally, the BP model argues that policy making depends on the players' ability to negotiate and bargain. This bargaining process arises from organisational conflict over resource scarcity. The game is governed by implicit rules whereby actors calculate how much resource they can spare to achieve their respective goals. This bargaining and negotiation process (if there is a prominent conflict on players preferences) creates an informal power structure. In the circumstance:

players are no longer powerful according to their positions in the organisation but where one sits during the game (Allison 1971, 146).

Usually a delay in making a final decision means choices and opinions are different to organisational objectives. To secure organisational interests, the players move into a coalition or empire building.

When a person's exercise of power is thwarted or blocked, when people are rendered powerless in the larger arena, they may tend to concentrate their power needs on those over whom they have a modicum of authority...and if moreover, they are afraid they really are powerless (Mintzberg 1983, 200).

This presumption by the model resolves the problem of collective choice and argues that decision is a product and result of bargaining based on consensus.

The BP model like the OP model explains that bureaucracy or government is a conglomeration of large organisations and political players whose perceptions, motivations, positions and power manoeuvre the decision-making game towards their ends (McGrew and Wilson 1983, 39). The model according to Pfeffer recognises organisations as pluralistic with divided interests, subunits and subcultures. Moreover there are in existence policy communities and policy networks vital in communicating the needed information and maintaining the ideology through their loyalties.

Like other models the BP model has its own weaknesses. Firstly, the model seems to disregard the fact that interest groups and pressure groups influence internal mechanisms of decision making. Pressure groups play a significant role in Western industrialised countries pushing issues which would otherwise be excluded from the agenda. The constraint of a micro-perspective approach is emphasised by Jenkins and Gray (1983). The normative criticism suggests that the model downgrades issues such as accountability and over-stresses administrators' roles. Moreover, assumptions by the BP model challenges fundamental principles of democratic governments (Jenkins and Gray 1983, 187-189).

The conceptual criticism argues against the scope, focus and historicism of the model. It neglects the wider framework where government operates. Jenkins and Gray (1983) suggest that the model is insufficient because it should have a broader organisational basis. The model focuses narrowly on bargaining and negotiation as if this is the end product of organisation transaction. March (1966),d March and Olsen (1976) criticises the model's underestimation of power as irrelevant to the prediction of behaviour and choice. Clegg (1975) is also critical of how power is understood and studied, suggesting that a study of power should have been much broader: the idea of organisation is that of "structure of regional dominance in a world system" (Jenkins and Gray 1983, 181). Freeman goes further to suggest that the model may:

erroneously identify central patterns of political relationships by concentrating attention on immediate fragmentary bureaucratic battles rather than the underlying power structure (Jenkins and Gray 1983, 181).

The last drawback concerns its methodology. The approach is based solely on an assumption that cannot be quantified. Because of bureaucratic ethos regarding confidentiality and therefore the non-availability of first hand information one can only speculate about the processes of policy making. Even in democratic settings the reality of the bargaining process is not sufficiently uncovered.

If power determines decision outcomes, then implementation of policy decisions should be studied separately. This is based on the understanding that implementation depends on many factors of which powerful players are a only part.

4.8 POLICY IMPLEMENTATION

Progress in the study of policy implementation since the 1970s has produced some diverse conceptual frameworks and methodological approaches. This diversity indicates the dynamic nature of organisations and complexity of human behaviour, a consequence of environmental changes and uncertainties. This section examines the contributions of three models surveyed by Younis and Davidson (1990, 5), the top-down approach, the bottom-up approach and the evolutionary or continuum perspective.

4.9 APPROACHES TO POLICY IMPLEMENTATION

The birth of implementation as a field of study was pioneered by the classical works of Pressman and Wildavsky (1973), Bardach (1977) and others such as Kaufman (1960) and Derthick (1970) who were concerned with alleged failure of public agencies to implement legislation. Essentially, the study of implementation is to understand difficulties and problems associated with putting policies into practice, and to suggest better practices.

Most writers on policy implementation undertook a case study approach focussing on a specific policy decision, tracing events which occurred whilst decisions were implemented. Proponents of this field argue that policy implementation is the missing link that has been overlooked in policy analysis. Therefore understanding the process may assist in achieving intended policy outcomes. This pursuit draws particular attention to the role of 'street level bureaucracy' emphasising the effects of discretion and administrative routine behaviour of bureaucrats in lower levels. Institutions and agencies involved in the process are scrutinised.

In addition, the cultural conditions where implementation occurs and beneficiaries are examined. Subsequently, diverse approaches and obstacles have been identified to improve the process.

4.9.1 Top-Down Approach

The "top-down" or "forward-mapping" approach (Elmore 1978) essentially refers to the process of policy making being formulated at the 'top'. In addition to formulating policy, the top or policy-makers prescribed instructions or steps for implementors at the 'bottom' to follow. The approach concentrates on the policy-makers control in "putting policy into effect" (Barrett and Fudge 1981, 12). According to Hood (1976), Gunn (1980), Ham and Hill (1984) among others, the approach prescribes that the policy-makers should have control over their environment, policy, organisation and implementors. Interests in the field have produced diverse sets of prescriptions.

From their work in Oakland, Pressman and Wildavsky (1973) explain that policy is a "hypothesis containing initial conditions and predicted consequences" employing the logic if "X is done at time t(1), then Y will result in time t(2)" (Ham and Hill 1984, 97). The assumption by the authors is based on the economic theory of cause and effect; for instance if X then Y and if everything works according to plans then Z. The argument indicates a dependency reaction of variables as in the system theory.

However, Pressman and Wildavsky (1973, xxv) discover that "simple sequences of events depend on complex chains of reciprocal interaction. Hence each part of the chain must be built with the others in view". In discussing the interface between cause and effect they argued that the possibility of attaining policy outcome is greater in cases where decision points are minimised.

...the difficulties of translating broad agreement into specific decisions, given a wide range of participants and perspectives; the opportunities for blockage and delay that result from a multiplicity of decision points and the economic theories on which the program was based (Pressman and Wildavsky 1973, 144).

Given that the situation prohibits this from happening then a "number of small deficits cumulatively create a large shortfall". In relation to the case study they asserted that the programme was based upon an inadequate theory of work-creation and therefore failure of implementation was a failure of policy-making.

Deriving from the Pressman and Wildavsky (1973) study, specific preconditions were listed for successful implementation:

- a) the nature of policy - see that it is unambiguous;
- b) the implementation structure - keep links in the chain to a minimum;
- c) the prevention of outside interference; and,
- d) control over implementing actors.

(Ham & Hill 1984, 99, also see Gunn 1978).

According to Pressman and Wildavsky (1973, 147) successful implementation can be achieved if there is:

simplicity in policies..., fewer steps involved in carrying out the program, fewer opportunities for a disaster to overtake it... more directly the policy aims at its target, fewer decisions involved in its ultimate realisation.

Generally the approach has provided some interesting contributions; it emphasises the importance of the legal structure and its impact on policy implementation; it enriches our understanding by providing critical variables and their effects on the process; it focuses on policy continuity (formulation-implementation-reformulation). And since most studies trace events over a longer period of time, it leads to improved practices.

The first criticism of the approach is its assumption that the implementation process happened independently of any interference from implementors. Experiences show that implementation hardly ever follows laid down instructions. This is because implementors and organisations exist in an organic world where variables appropriate to today's policy cannot be assumed relevant indefinitely.

Secondly, the separation of policy formulation and policy implementation has been criticised by Majone and Wildavsky (1978), Hogwood and Gunn (1984) and others to be misleading and useless. This claim is based on the understanding that even at the implementation stage, policy decision is likely to be reformulated. In reality (a) problems may be redefined before they are solved, (b) problems may be deleted from the political agenda and (c) problems may be replaced by other more pressing issues. In all problems are far from being solved but superseded by other problems. Barrett and Fudge explain that:

The question is how far the policy itself is negotiated - modified or compromised - to fit in with the existing order, or whether it is the order itself which is renegotiated in order to get the policy implemented. (quoted by Younis 1990, 11-12).

Thirdly, the interdependent way government operates in practice complicates implementation. The claim by Pressman and Wildavsky (1973) that joint action and too many linkages complicates effective

implementation might be true in most cases. Government operations involve diverse players, providing for conflicting community demands and working under complex situations. A policy on aid for instance would involve several government agencies, businesses and interest groups.

Fourthly, the approach ignores the possibility of street level bureaucrats and beneficiaries' impact on policy implementation if the policy contradicts their values.

4.9.2 Bottom-Up Approach

Unconvinced by perceiving weaknesses of the top-down approach, Weatherley and Lipsky (1977), Elmore (1979), Hjerm and Porter (1981), Ham and Hill (1984), developed an alternative approach. The theoretical assumptions embodied in this approach involve factors central to models of bureaucratic politics and organisation processes.

Central to the "bottom-up" approach is the role of the individuals at the lower levels of the organisation, - "street level bureaucrats", their networks with the public and strategies they deploy to enforce the policy. The model argues that employees at the 'bottom' of the organisation are policy makers while the 'top' is seen as circumscribing (Younis and Davidson 1990, 8). Two issues are significant to this approach; the ability of the implementing organisation to effect intended behaviour change and attainment of resources required to realise these changes. Their significance is based on the assumption that street level bureaucrats tend to make better judgement of possible actions to pursue given their proximity to the problem. Furthermore, there is a greater possibility that beneficiaries can relate better to them than to those at the centre. However, street level bureaucrats cannot contribute effectively if they are constrained by the lack of resources and centralisation in the system. In effect, what the model proposes is more flexibility in the operating structures with more discretion granted to street level bureaucrats.

Accordingly policy outcomes are shaped by the implementing officers' influence, and a bargaining process between the centre, periphery and beneficiaries. This subdivision is highlighted by Sabatier and Mazamanian (1980) and will be discussed in detail in the following paragraphs. The interactions between so many people and at different levels question the validity of claims by the top-down approach that successful implementation required clear policy objectives, statements of responsibilities and intended outcomes. The bottom-up approach does recognise the influence of individual low-level bureaucrats during implementation and recommends:

that policymakers should not seek control or compliance, rather they should capitalise on human resources and resourcefulness, allowing implementors to utilise their professional experience to the utmost and supporting this by the strategic use of funds (Elmore 1978, 605).

This approach provides valuable insights to understanding implementation. It identifies policy network and the operation of a network as a method to effect implementation. Networking enables players to advance their goals, strategies and activities. It yields both intended and unintended policy outcomes, identifying policy consequences.

Criticism of the model lies in its over-emphasis on the power of implementors' behaviour to affect the implementation process. This assumption almost dismisses the authority vested in the centre to impact on the process as well as implementors. Secondly, having a snapshot view of implementation prevents a comprehensive account of historical events and traditions which may have influence implementors' behaviour. In addition, the approach lacks a theoretical centrepiece against which to measure policy players' behaviour. Essentially it is concerned with policy implementation through mapping implementers' behaviour.

Focussing on players' behaviour, Sabatier and Mazamanian (1980) provide a slightly different notion to the two approaches discussed above, suggesting a third option. Alternatively, implementation can be perceived from the target group standpoint. Sabatier and Mazamanian's categorisation indicates three policy communities.

- a) the initial policy maker (the Centre)
- b) the field-level implementing officials (the Periphery)
- c) the private actors at whom the programme is directed (the target group)

The Centre perceives implementation as an activity which involves senior officials and central ministries together with compliance from peripheral institutions and their officials. Where the programme fails to achieve its objectives the decision makers can either adjust the programme, introduce sanctions where necessary or reformulate the original policy decision. Fundamental to the Centre is (a) the extent to which policy objectives have been achieved and (b) reasons for achievement or non-achievement.

At the Periphery, local implementors and their institutions respond to agitation from both senior bureaucrats/policy makers and their clients/groups/local conditions. This perspective is interested in

variables affecting the adoption of innovations and how local officials modified these innovations to be compatible with local conditions.

Lastly, implementation can be perceived from the standpoint of Target Group. There are two issues central to the target group category. First the long-term impact of a policy on the target group and secondly, whether the policy intentions were achieved. This approach would appear to be unappealing to Central 'policy makers', as it involves the devolvement of decision making to the Periphery.

4.9.3 Evolutionary Perspective

This perspective presents a holistic view of a dynamic system. It argues that both the policy and implementing institutions change over time and possibly while implementation is in progress (Majone and Wildavsky 1978; Van Meter and Van Horn 1975). This approach acknowledges the dynamic nature of society and that changes occur as result of interactions between different parts of the system. Pressman and Wildavsky (1973), Rabinowitz *et al* (1976), Berman (1978) all seem to agree that implementation is evolutionary involving adjustments of a programme to inputs by implementers, policy-makers and the external socio-economic systems. As such policies are formulated and re-formulated over time as they are influenced by interaction between players, organisations and the external environment. Subsequently policy may have both intended and unintended outcomes.

There are two implications of the evolutionary view on the study of policy implementation. Firstly, it challenges the separation between policy formulation and policy implementation since it is a continuous process. Secondly, it questions the validity and totality of explanations provided by a policy implementation study based on a synoptic analysis.

These insights are useful and without the separation and various contributions by earlier studies, very little would have been known about implementation. All perspectives have provided some form of guidelines on what are the weaknesses and strengths of policy implementation.

4.10 THEORETICAL CONSTRUCTS AND THE AUSTRALIAN SCENARIO

In the preamble to Part Two, the study assumed that the Australian policy making processes identified with one or several Western based policy models or approaches.

The Australian policy making process identifies with the contingency perspective which believes that no single model represents the totality and complexity of the policy process. This is because policy outputs are cumulative results of players' preferences, organisational processes, bureaucratic politics and exogenous variables. Ideally, the Australian policy context demonstrates government actions being shaped by party policy. Davis *et al* (1988, 86) explain:

parties determine governments, and a government is assessed by the policies of its party. Political parties have become an integral part of the policy process.

But realistically, Australian policies are outputs of two political systems; 'broad coalitions of sectional interests' identified as political parties, and pressure groups (Davis *et al* 1988, 84). From observation, the Australian policy process depends much more on leadership vision, effective electoral pressure and the political party's ability to respond to changing circumstances. In recent years in keeping with changes and uncertainty "structural reform" and "macro-economic reform" have become the order of the day (Walmsley 1993, 45).

The pluralistic nature of the Australian society means the policy process requires flexibility and proactiveness. These characteristics imply policy shifts in Australia occur frequently in respond to competing demands and a more dynamic policy environment. The observation denotes trial and error, checking the feasibility of a policy. For example, the Hawke-Keating Labor Government's shift to 'market-liberal' ideology as in aid policies demonstrated flexibility and proactiveness, guided by leadership values. Labor's policy shift since the late 1980s has created drastic changes and contradicted Labor's humanitarian and social justice values. These policy changes and contradictions resulted in inconsistencies, outputs of:

more than 250 individual commitments, most of them ill-defined, incapable of expression in effective implementation programs, and impossible to cost adequately. The document lacks any semblance of 'ways and means' or even of rudimentary priorities. (cited by Davis *et al* 1988, 89).

What is evident in the prevailing Australian policy scenario is that too many policies are formulated, tried, reformulated and retried because of diverse demands and internal party politics. In relation to theories, elements of different models work together simultaneously with no single model claiming superiority to avoid all pitfalls of policy making. This makes the study of public policy most dynamic and challenging:

The complexities of public problems, and the changing demands of electoral fortunes, mean puzzle solving is tailored to particular problems. As a result, no single procedure for policy making exists. Any 'metapolicy' prescription for improving the policy process is circumscribed by limited analytical methods, difficulties in comparing values, and the problems of implementation and unintended consequences. No policy process can work in all circumstances (Davis *et al* 1988, 122)

On the basis of the above explanations and content of Chapter Three, it is difficult to claim the superiority of a single model in all situations. But given the nature of this study, there is a tendency that the OP model and the top-down approach have certain degree of applicability. The contingency approach seems to be at play during the formulation of Australian aid policy decisions, and this claim is substantiated by the following observation by Cohen *et al*:

Efforts to promote such changes are justified by the donors on the grounds that development constraints are increasingly unpredictable and thus less susceptible to the control-oriented design and management of techniques that are the product of public administration thinking since the mid-1940s. In this perspective, it is essential to reorient development administration so that bureaucrats in operating ministries and donor agencies can facilitate innovation, be responsive to sudden change or new opportunities, engage in experimentation, practice action research, and learn while doing (1985, 1212).

Obviously the unpredictability of today's development climate means donors, including Australia, are experimenting for workable policies. Whilst options are limited given the prevailing circumstances the sad aspect of this process is how aid policy outcomes are conveyed to recipient governments with much assertiveness. The possibility of unintended consequences and alternative measures are hardly ever on the agenda during aid consultation. Have we ever wonder why aid has not worked?

The applicability of Western policy making models and approaches to Western Samoa's policy making scenario will be ill-conceived without an appreciation of Chapter Five. A comparison is therefore found at the end of Chapter Five.

4.11 PROPOSITIONS FOR ANALYSIS

Three broad dimensions surface from the search to understand the process of policy making and implementation. The first one has to do with the interdependency of the two activities. Factors discussed as obstacles in the implementation process are inter-changeable with those highlighted in the policy formulation process. Secondly, the evolutionary nature of the process (policy formulation and implementation) together with complexities in society means there is no ideal way to make policies.

Thus the idea of metapolicy is only an ideal. And finally, a comprehensive analysis of government organisations and their operations is frustrated by the unpredictability and dynamic nature of human interactions.

Notwithstanding the above, Chapter Nine will adopt a multi-disciplinary approach integrating the essence of Chapters Three, Four and Five against research findings in Chapters Six, Seven and Eight to verify the proposed hypothesis. The synthesis in Chapter Nine will also assess the validity of each model's contribution to broaden one's understanding of aid policy processes and in relation to the policy environment involving two countries.

Deriving from this Chapter, the analysis in Chapter Seven will consider the following desiderata:

a) **Policy related processes**

- state the issue or problem in simple terms
- provide for adequate consultation between parties
- present clear objectives, strategies and guidelines
- outline tentative calculation of policy requirements (resources and time)
- identify possible obstacles and alternative options

b) **Institutional related factors**

- ensure clear understanding of policy at all levels
- encourage effective communication and co-ordination by all parties
- allocate sufficient resources (funds, personnel and other equipments)
- devise a compatible structure with clear understanding of control procedures and appropriate incentive
- spell out tasks and responsibilities of all involved clearly
- highlight the issue of employees values versus organisation goals

c) **External structural factors**

- effect of politics; trade unions, political party, traditional institutions and pressure groups institutions, pressure groups

- impact of economic conditions
- impact of socio-cultural factors
- effect of competing organisations and beneficiaries

4.12 SUMMARY

The science of policy study is once again gaining momentum as a consequence of uncertainty fuelled by rapid changes in the socio-economic and political environment of today. Evidence of this is the increasing attack on the government as people search for improved public service delivery. In order to improve government operations, one must understand the political and bureaucratic complexities associated with that nation or locality. This undertaking is central to this study.

In relation to the issue of aid, conflicting demands and interests mean the power vested in government have increased and become more specialised. The popular claim that government operations will be more effective and efficient by adopting private sector management principles cannot be applied in all circumstances. This study maintains that there are country specific factors which cannot be ignored in the policy process. This realisation questions the applicability of models and approaches to the policy interaction involving two different countries. It is quite obvious from the different orientations of Chapter Four and Chapter Five that the ideology and structure of the Australian policy environment differs to that of Western Samoa. From these observations, there is room for improvement and this will be dealt with in Chapter Nine.