Does Australia have an international development assistance policy?: National interest and foreign aid policy making

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Abstract

The Australian Commonwealth government is set to release a White Paper in the first half of 2006 that will set the medium-term strategy for Australian development assistance. It coincides with the government’s announcement that the yearly Australian aid budget will be increased to AUD 4 billion by 2010. The evidence thus far is that the White Paper will not alter the core objective of the aid program, which is to “advance Australia’s national interest by assisting developing countries to reduce poverty and achieve sustainable development”. This paper argues that the placement of the aid program under the Foreign Affairs and Trade portfolio, and its alignment with foreign policy interpretations of national interest, has served to reduce the scope of aid policy and initiatives and, ultimately, raise questions as to whether or not Australia actually has a fully fledged international development assistance policy. In exploring this, both the current aid policy process and the history of the foreign aid program are investigated with a view to establishing the nature of the long-running tension between development assistance and foreign affairs institutions.
Introduction

In March 2005 the Australian Minister for Foreign Affairs, Alexander Downer, announced a review of foreign aid policy leading to a White Paper that would be presented before the Australian Parliament in early 2006. The White Paper, it was promised, would set the medium-term strategy for Australian development assistance, something that the government has stated will involve increasing the yearly Australian aid budget to AUD 4 billion by 2010. It is the most significant assessment of the aid program since the 1997 Simons Report, which concluded that the program should have “One Clear Objective: The Reduction of Poverty”. In the program’s strategic plans since 1997, however, the Australian government has rejected the Simons Report’s conclusion and instead stated the core mission of foreign aid as being:

… to advance Australia’s national interest by assisting developing countries to reduce poverty and achieve sustainable development.

The White Paper has yet to be presented to parliament, but the Core Group brought together to conduct the review has published its recommendations. The Group are explicit in stating that the aid program’s present core mission is the start point of their investigation – they will not be critiquing that mission or its linkage of development assistance to Australian national interest. The four key aid program goals put forward by the Core Group – the promotion of economic growth, the development of economic infrastructure, the reduction of poverty and the achievement of sustainable development. References:

3 Committee to Review the Australian Overseas Aid Program, One Clear Objective - poverty reduction through sustainable development. (Canberra: Australian Agency for International Development, 1997).
5 White Paper Core Group, Core Group Recommendations Report for a White Paper on Australia’s Aid Program, December 2005 (Canberra: Australian Agency for International Development, 2005). The Core Group is chaired by Professor Ron Duncan, Executive Director, Pacific Institute of Advanced Studies in Development and Governance, University of the South Pacific.
6 Ibid., p.ii.
functioning and effective states, “investing in people”, and regional stability and cooperation – have their own merits and costs, but the Group’s approach to them all is marked by this initial refusal to evaluate the fundamental assumption underpinning Australian aid policy, namely, that national interest and effective development assistance naturally go hand-in-hand. The argument presented in this current paper is that such a relationship should not simply be assumed – true development assistance needs sometimes to be undertaken free from the weight of foreign policy-style national interest expectations.

With the White Paper review as its backdrop, this paper sets out, first, to examine the goals and processes of aid policy-making in Australia and, second, to contextualise the foreign aid policy process by examining the history of Australian assistance. On this basis, the paper arrives at a conclusion as to whether or not the goals of the aid program actually amount to a full-blown development assistance policy, as opposed to a subsidiary plank of foreign affairs policy. The paper queries how broad a vision of development assistance is possible in the Australian aid program given existing policy making structures and processes.

**Making Australian foreign aid policy**

In a recent key text, Gyngell and Wesley note that, when set against the mountain of writing on the substance of foreign policy, there is a paucity of material on how that policy is actually made. In general, with a few notable exceptions such as Allison’s classic “Essence of Decision”, foreign policy analysis has been the occupation of International Relations not Public Policy – an imbalance the authors seek to redress.

Drawing on Foucauldian ideas of governmentality, especially in relation to institutions and communication modes, Gyngell and Wesley argue that foreign policy making in Australia displays little tendency toward pluralist contestation. Instead it is:

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... heavily concentrated in the executive, is institutionally relatively hierarchical, and for the most part has a pervasive culture of collegiality, especially among the senior officials of the various foreign policy institutions.\(^9\)

The authors note the relatively small number of participants in the policy process; the foreign policy community is limited in size and is a substantially closed sub-system that allows few actors within its formal structures.\(^10\) An earlier, 1983 study by Knight and Hudson also highlighted the constitutional and effective dominance of the Executive in the formation of foreign policy, a position expressed with characteristic elegance by former Prime Minister Whitlam:

> The vast array of entrenched pressure groups and vested interests and the enormous machinery of obstruction at their disposal – anti-Labor States, recalcitrant Premiers, Constitutional restraints, antagonistic business interests, litigation in the Courts, the Senate itself – none could hinder, except in marginal ways, our foreign policy.\(^11\)

And even among the Executive, very few actors may be actively involved in foreign policy decision making. Decisions can be opened to full Cabinet discussion, of course, but that is not always the case, with the Prime Minister, the Minister for Foreign Affairs and other Ministers with responsibilities that fall under the foreign affairs umbrella often determining courses of action between themselves.\(^12\) General consistency in the policy hypotheses that underpin official foreign policy, especially as it relates to national interest, can also be put down to the fact that the policy actors, while high in profile, are relatively small in number and work within a long-established foreign affairs discourse. Most especially, there is strong reluctance to move from realist notions of national interest (with international politics being seen as essentially anarchical, thus legitimising the pursuit by states of their own security needs through the direct exercise of power). Even though Australian governments will exhibit periods of adherence to liberal internationalist ideas, and sometimes even


\(^11\) Quoted in John Knight and W.J. Hudson, *Parliament and Foreign Policy* (Canberra: Department of International Relations, Australian National University; Australian Institute of International Affairs, 1983), p. 27.

\(^12\) Derek McDougall, *Australian Foreign Relations: Contemporary Perspectives* (South Melbourne: Longman, 1998), pp. 31-32.
versions of cosmopolitanism, there remains always an over-riding concern with realist-influenced interpretations of national interest.\(^\text{13}\)

Finally, Australian political parties, as a general rule, exhibit a bipartisan interpretation of foreign policy that has security-oriented national interest at its core. This is not to say differing foreign policy approaches do not exist – the Hawke and Keating Labor Governments, for example, displayed greater faith in multilateralism and regionalism than the current Coalition Government – but even a brief examination of the current Liberal and Labor Party platforms on foreign affairs indicates that there is little dispute over the meaning of national interest, or its central place in foreign policy.\(^\text{14}\)

Looking more specifically at Australian foreign aid policy, the first thing to note is that aid ‘policy’ is a grab-bag of both country-specific decisions (for example, the extent to which the maternal health program in PNG will be financially supported), broader sectoral concepts (for example, the connection between health and development, or the use of sectoral programming in aid delivery), and more general statements on the relationship between aid and development.\(^\text{15}\) Neither DFAT nor the Australian Agency for International Development (AusAID), however, coherently explain in their official documentation exactly what they mean by the term ‘policy’ and how that concept might express the relationship between specific initiatives, sectoral strategies and core policy hypotheses.

\(^\text{13}\) Clearly this is a generalisation, but one which is substantially supported by major texts examining the history of Australian foreign policy such as Alan Watt, *The Evolution of Australian Foreign Policy, 1938-65* (London: Cambridge University Press, 1967), T. B. Millar, *Australia in Peace and War: External Relations Since 1788* (Botany, NSW: Australian National University Press, 1991), Gareth Evans and Bruce Grant, *Australia’s Foreign Relations: In the world of the 1990s* ( Carlton, Vic.: Melbourne University Press, 1995). Also, it is not the intent of this paper to investigate the differences between realism, liberal internationalism and cosmopolitanism. It is assumed readers will have a basic grasp of the distinctions as laid out in texts such as Scott Burchill et. al. *Theories of International Relations* (Basingstoke: Palgrave, 2001).


What is more certain is that foreign aid policy in Australia comes under the wing of foreign policy. Ultimate policy responsibility lies with the Minister for Foreign Affairs, assisted by a Parliamentary Secretary charged with overseeing the aid program. In accord with the Wilsonian distinction between public servants and elected decision-makers, policy-making is formally separate from the administration of the aid program. AusAID is the subordinate agency within DFAT that delivers the aid program. Its formal involvement in policy-making, under its Corporate Plan, is to provide advice to the Minister when requested. The provision of policy advice is a common criteria in most public agency corporate plans – although noticeably absent in DFAT’s own, where no distinction is made between the government-of-the-day’s position on foreign relations and the department’s.

The aid program also comes under DFAT’s budget accountability structures. While the program produces its own set of budget papers and its own Annual Report, signed off by the Minister for Foreign Affairs, its actual appropriations are made under the auspices of the DFAT portfolio, as is reflected in the Portfolio Budget Statements and the Commonwealth Appropriations Acts. It also justifies its funding to Parliament through annual estimates hearings held by the Senate Foreign Affairs, Defence and Trade Legislation Committee, which then reports back to the Senate. AusAID officials directly answer the questions of committee members, although the Minister is also entitled to be present to answer questions on policy. The same committee takes foreign affairs representations from DFAT over the same hearing period. Committee members tend to focus on issues such as aid’s potential fungibility and the effects of corruption in developing country governments, and rarely, if ever, challenge either the

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19 Department of Foreign Affairs and Trade, *Department of Foreign Affairs and Trade Corporate Plan 2000-2002*, (Canberra: Department of Foreign Affairs and Trade, 2000).
20 See Department of Foreign Affairs and Trade, *Portfolio Budget Statements 2005-06, Foreign Affairs and Trade Portfolio – Budget Related Paper No 1.01* (Canberra: Department of Foreign Affairs and Trade, 2005).
positioning of AusAID within the DFAT portfolio or the national interest requirement in the aid program’s mission statement.  

AusAID has its own Executive Branch that considers policy-related information gathered by the agency across the course of its project and program activity cycles. The agency claims that it builds up expertise in an evolutionary manner and disseminates it via evaluation reports, activity briefing and monitoring systems, and quality assurance reporting. There is also now a coordinating Office of Development Effectiveness. So, the agency’s own experience is supposed to form the repository of knowledge from which advice to the Minister can be sourced.

Some formal interaction occurs between DFAT, AusAID and the non-government development assistance policy community. One key point of contact is the Aid Advisory Council. This meets twice a year and brings together a range of aid experts and stakeholders, such as the Australian Council for International Development (ACFID), together with the Minister and representatives from AusAID, with the aim of encouraging new ideas on development aid, as well as ensuring “the aid program reflects the values of the wider Australian community”. ACFID is Australia’s highest profile non-government development assistance policy body (and is also an industry peak body for development NGOs) and liaises with the government outside of the Advisory Council, as well as campaigns for increased aid expenditure during federal elections and budgets. ACFID also sits on the Committee for Development Cooperation, a “joint AusAID-NGO advisory and consultative body.” Less formal engagement, especially at the level of program and project implementation, also takes

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place with major NGOs such as Australia Red Cross, World Vision and Oxfam Australia.29

Other fora for the exchange and analysis of policy ideas include inquiries held by the Joint Standing Committee on Foreign Affairs, Defence and Trade30 and government-commissioned reviews of the aid program such as the Simons Report and the current White Paper review. There is also an International Development Contractors Group that acts as a peak body for discussions between the agency and private aid contractor firms.31

Internationally, the Australian aid program provides funding for United Nations agencies and multilateral development banks, and displays an awareness of the development positions of the World Bank and the Development Assistance Committee of the OECD (DAC), the latter not least because of its periodic reviews of the Australian aid program.32 Similarly, the research and activities of other official donor agencies, as well as those of international development NGOs, are open to be drawn on in the processes of agenda-setting and policy design, although no clear reference is made to this in AusAID’s official documentation.

Finally, formal discussions are held with recipient governments. There are high-level meetings between Australian and recipient representatives which sometimes, as in the case of PNG, amount to broad-ranging ministerial meetings. These are conducted as state-to-state conferences, are not confined simply to discussions over aid, and are often described in the rhetoric of ‘partnership’, although no clear explanation of what

aid ‘partnerships’ means in relation to policy formulation (as opposed to implementation) is set forward in official documentation.33

The above sketch of the actors and processes involved in foreign aid policy making illustrates the level at which the aid program is drawn into the foreign affairs portfolio and the foreign policy making process. Outside of these structures, however, exists a vibrant international community of multilateral and non-government agencies engaged in, usually intense, debate over development assistance. The non-government policy community within Australia also attempts to foster public discussion on development, and exchanges knowledge across a loose network in which AusAID sections and officers are sometimes included.34

What this suggests is that there are opportunities outside of the formal policy process, as it currently stands, for Australian development assistance policy makers to foster connections with a variety of actors in the policy community and, through knowledge exchange, or even joint management of specific initiatives, form policy ideas and designs that interrogate development assistance in its full complexity. Yet major Australian policy documents such as the Foreign Minister’s 11th Statement to Parliament on Australia’s Development Cooperation Program in 2002, “Australian Aid: Investing in Growth, Stability and Prosperity”, evidence only a limited engagement with the full compass of development ideas that thrive within the broader policy community.35 In that particular case, while there is acknowledgement of the importance of sustainable development and resource management, there is also a strong emphasis on capitalist-based economic growth supported through trade structures, governance frameworks and economic policies that fit neatly within the global economy. There is also an overt acknowledgement of the importance of

Development assistance theorising (and thus the scope of foundational hypothesising about the causal links between aid and development that necessarily underpins official development assistance policy) is far broader than contemporary modernisation and economic growth-based models, with their roots in the early post-war belief in the unalloyed benefits of Western technical assistance and investment. While modernisation may tend to represent the way the Australian government (not to mention the World Bank and bilateral donors) hypothesises the causal link between aid and development, there is a wealth of other, more recent, ideas and exploratory theories focused on issues such as participatory and rights-based development and local-level empowerment of aid recipients. As an example, the most identifiable proponent of ‘participatory development’, Robert Chambers, has vigorously argued over the past twenty years that Northern donors and NGOs must improve their capacity to listen to aid beneficiaries and their proposals for tackling entrenched poverty at the local-level. He argues that interlinking “clusters of disadvantage” tend to arise around households in high-poverty regions, and that related “poverty traps” are caused by the interdependence of factors such as lack of revenue (or equivalent), physical weakness, isolation, vulnerability and powerlessness. Northern donors have little or no experience in these realities of poverty, and only an incomplete understanding of the political and societal constraints on a person’s ability to extricate themselves from poverty. On this basis, any knowledge that is transferred directly from Western experience is doomed to fail – it will, inevitably, misconstrue the true nature of the phenomena it seeks to resolve. In response, Chambers and like-minded analysts have developed a collection of action research methods, such as participatory rural appraisals, that concentrate on allowing the “voices of the poor” to be heard and

36 Ibid., pp.18-20.
37 As with IR theory, the intent of this paper is not to closely investigate development theory. As a brief taste of the available literature, the classic modernisation theory text is Walt Rostow, The stages of economic growth: a non-communist manifesto (Cambridge: Cambridge University Press, 1960). Contemporary interpretations of modernisation are plentiful, but one of the most influential has been The World Bank, Assessing Aid: What Works, What Doesn’t and Why (New York: Oxford University for the World Bank, 1998).
their proposals for poverty alleviation to be acted upon. And some official donor agencies, with the UK’s Department for International Development (DFID) at the forefront, have also attempted to bring ideas such these into the mainstream of their policy-making, or at least assess how they might impact on policy implementation.

The argument this paper arrives at is that the Australian government has not, for most of the period in which it has given aid, surveyed the “full complexity” of development assistance in its foreign aid program; there has rarely been in place a true development assistance policy with an overriding goal of sustainable poverty eradication. Foreign policy notions of national interest have always stymied extensive exploration of development assistance ideas; foreign affairs departments have always sought to control the aid program, and, as a result, the causal hypotheses underlying foreign aid policy have been heavily restricted and have rarely strayed far from those at the heart of modernisation theory.

To test this argument, to begin to get an understanding of how the dynamics of foreign policy’s conceptual and bureaucratic relationship with the foreign aid program have worked to constrain the making of an international development assistance policy, this paper turns to examining, in a brief fashion, the history of Australian foreign aid policy.

**Post-war Reconstruction and the Colombo Plan**

Australia has provided foreign aid for over sixty years. In the immediate post-war period it contributed around Aus £23 million to the United Nations Relief and Rehabilitation Administration by its close in late 1947. This reflected the fact that, at

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that time, Australia ran no bilateral aid programs of its own.\footnote{Australian Development Assistance Agency, Annual Report / Australian Development Assistance Agency (Canberra: Australian Government Publishing Service, 1975), p.3.} Official contributions were delivered through multilateral schemes, with the United Nations in nearly all cases acting as central coordinator – in line with Australia’s commitment, and that of its Minister for External Affairs, H.V. “Doc” Evatt, to the fledgling world body.\footnote{See Ken Buckley, Barbara Dale and Wayne Reynolds, ‘Doc’ Evatt: patriot, internationalist, fighter and scholar (Melbourne: Longman Cheshire, 1994).}

The emphasis on multilateral institutions also stemmed from the Department of External Affairs’ relative lack of policy or technical knowledge in relation to foreign aid, and its relatively few links with newly independent Asia-Pacific nations that could assist the creation of bilateral aid relationships.\footnote{See Alan Watt, Australian Diplomat (Sydney: Angus & Robertson in association with the Australian Institute of International Affairs, 1972).} As a small power, however, Australia had neither the resources nor the diplomatic bulk to institute, or convince the United States to contribute to, a large-scale, multilateral endeavour in the region. Evatt expressed great hopes that the Economic Commission for Asia and the Far East (ECAFE) might be such an initiative, but it became obvious that sufficient resources for such activity would not be forthcoming from the international community, and ECAFE remained a consultative body only.\footnote{L.F. Crisp, “ECAFE at Lapstone and After”, The Australian Outlook 3(1) (1949):82-87; UN Economic and Social Commission for Asia and the Pacific, “ESCAP turns 50: working at the grassroots”, UN Chronicle 34(1) (1997): 43-45.}

Similarly, the South Pacific Commission, formed in 1947 from the UN trustees of the non-self-governing Pacific territories to consult and advise on the economic and social development of those territories, remained focused on coordination – it was left to the trustees of the various territories to deliver directly the capital necessary for substantial development of infrastructure as well as improvements in education and health.\footnote{“Agreement establishing the South Pacific Commission”, Article IV, clause 6, quoted in Millar, Australia in Peace and War, p.308. See South Pacific Commission, The South Pacific Commission: History, Aims, and Activities (13th ed.) (Noumea: The Commission, 1996). See Thomas Richard Smith, South Pacific Commission: an analysis after twenty-five years (Noumea: The Commission, 1972).}

The 1949 election of the Menzies Liberal government, and the growing experience of the Department of External Affairs heralded a move toward a more bilateral stance on foreign aid.\footnote{Watt, The Evolution of Australian Foreign Policy, p.113} This was in line with the ‘great powers’ attitudes to international aid in the emerging Cold War. Even before the UN development agencies had an
opportunity to effectively establish their delivery processes, the United States, under the rubric of the Truman Doctrine, instituted bilateral programs with Greece and Turkey, as well as in 1947 adopting the Marshall Plan in Western Europe in an effort to ensure the stability of states on the Communist “frontline”.  

Australia’s initial move toward bilateral programs was influenced by security concerns in general, if not communism in particular. It took the form of upgrading the level of technology and capital transfers to its colonial and UN trusteeship entities, Papua and New Guinea. This assistance also had a military component. While not allowed a military presence directly linked to their own defence, trustees were charged, under Article 84 of the UN Charter, with ensuring a trust territory was able to “play its part in the maintenance of international peace and security.” In this way the Australian government was able to address its long-running concerns regarding invasion from the north by re-establishing the Pacific Islands Regiment in 1951, under the direction of the Australian Army.

Even as the Australian presence in Papua and New Guinea was being bolstered, the Australian government’s understanding of foreign aid began to be more clearly influenced by anti-communism. The Labor foreign minister, H.V. Evatt, had stated in June 1949 that he saw, “evidence in South-east Asia and in China, that Communist political and social philosophy and ideology can never be combated by force alone.” Evatt’s Liberal successor, Percy Spender, in an address to the Australian Parliament on the institution of the Colombo Plan, went further in explaining the importance of foreign aid:

In the first place, on humanitarian grounds we cannot ignore the basic needs of such a large and important section of the world’s population [Asia]. Secondly, a permanent improvement in world trade depends in a substantial degree upon the economic development and increased productive capacity of the countries of South

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and South East Asia. Thirdly, the task of achieving political stability in this area will be well nigh impossible unless living standards are lifted from their present very low levels. Finally, conditions of misery and want provide a fertile breeding ground for philosophies and forces, particularly imperialistic communism, which seek the destruction of democratic institutions.\(^53\)

For Spender, the promotion of democracy, economic development, and higher living standards in developing countries was an essential component of Australia’s foreign affairs and security policy. At the meeting of Commonwealth foreign ministers in Colombo in January 1950, he energetically promoted a scheme whereby potential donor and recipient countries in the region could establish aid partnerships under the umbrella of a regional development plan. Credit would be made available to promote economic growth, technological assistance would be provided, countries outside of the Commonwealth (especially the United States) would be encouraged to do the same, and a consultative committee would act as coordinating body of the various bilateral programs.\(^54\) The first Colombo Plan, in 1950, pulled together development plans from potential recipient countries, along with donor country proposals, to form a six-year program with an estimated cost of \(£1,085\) million sterling.\(^55\) This amount could be met only with US support. The US eventually committed funds to the Plan on the basis of Truman’s “Point Four” from his 1949 inauguration address. These funds arrived on the proviso that most contributions would take the form of military aid – a caveat to which the Colombo Plan partners readily acceded.\(^56\)

It was believed that although the Colombo Plan, like the Marshall Plan, would be of limited duration, the intense capital investment and technical assistance it promoted, in accord with the modernisation theory of the time, would lay the foundations for ongoing economic development (and long-term security).\(^57\) The Australian Department of External Affairs held tightly to this vision at first and was resistant to arguments that development in South and South-East Asia may not accord with the

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\(^52\) Commonwealth Parliamentary Debates Vol 202 (1949), p.1224
\(^55\) Lowe, “Percy Spender and the Colombo Plan”, p.172; Millar, Australia in Peace and War, p.371.
European experience. By the 1960s, however, it was all too clear that development in Asia was a far longer-term proposition than that envisaged under a single, six-year Colombo Plan. This realisation, which also intersected with a broader, theoretical questioning by Third World analysts of the project of modernisation, fed an increasing tension between security-dominated definitions of national interest and the reality of development assistance.

Dissonance between Australian aid and foreign policy was initially expressed as concern over administration. A variety of government departments were involved in an uncoordinated manner in Colombo Plan projects, with the policy direction of development aid increasingly being contested. In response to these concerns, an Interdepartmental Committee of Review was established and reported its findings in 1965. Chaired by the head of the Department of External Affairs, Arthur Tange, it affirmed the dominance of foreign policy and diplomatic considerations (over those of trade or human rights) in the formulation of aid policy. In addition, bilateral programs were recommended for their political and strategic value. Little consideration was given to the type of program that would best encourage ongoing development within the recipient country.

The findings of the Inter-departmental Committee did not dissipate doubt over the direction and effectiveness of Australian aid. Prime Minister McMahon, in a speech to the Australian Parliament on 3 September 1970, addressed the question “What are the objectives of aid?” in the following manner:

The answer to this question is I think pretty clear. Aid is intended to foster development. I do not believe aid can ‘buy’ allies. Nor can we expect aid to guarantee stability. In assessing the contribution to development we recognise that aid is at best a supplement. We do not expect miracles. ... But if aid donors do not

help, the consequences can well be the failure of the economic policies of governments in the less developed countries and such failure means continuing poverty. It may also lead to political adventurism.\(^{62}\)

McMahon’s statement, compared with the earlier positions of Evatt and Spender, emphasised the dilemma now facing aid donors. On the one hand, belief in the inevitable success of modernisation had dimmed, while, on the other, alternative approaches toward development remained largely unexplored. Fears of “political adventurism” in under-developed countries were still present, as was an only slightly diminished concern over the spread of communism, but confidence in the unambiguous benefit of transfers of technology and capital had begun to evaporate.\(^{63}\) McMahon remained quite certain, however, that, “Aid does promote Australia’s national interest. … it enhances our interest in a peaceful international and geographical [regional] environment.”\(^{64}\)

It was becoming clear that balancing the competing demands of Australian government departments, the Colombo Plan project agreements, and the recipients themselves made aid delivery unlike most other bureaucratic tasks. Aid strategies and procedures were difficult to adhere to and their primary objectives were ambiguous. ‘Development’, it was now realised, was an extraordinarily complex concept and increasingly specialised knowledge was required of donor officials.\(^{65}\) This was something Whitlam, then Leader of the Opposition, appeared to understand when he castigated the McMahon Government for failing to research in a methodically manner the causal linkages between foreign aid and development.\(^{66}\) Adding to the conceptual confusion, official aid was gradually decreasing as a percentage of total capital inflows into developing countries, with foreign direct investment taking its place.\(^{67}\)


\(^{65}\) See Philip J. Eldridge, Diplomacy, Development and 'Small Government': Conflicting Directions in Australia’s Overseas Aid Program (Nathan, Qld: Griffith University, School of Modern Asian Studies, Centre for the Study of Australian-Asian Relations, 1983).


\(^{67}\) Healy, “A survey of aid”, pp.77-82.
Also proving a stumbling block was the tension between the Departments of External Affairs and Treasury over Australia’s financial commitment to the program. Aid, aside from its foreign policy or humanitarian objectives, had also to be seen as accruing economic benefit for Australians. Contributions to Colombo Plan projects were required to be made up of either one hundred percent or sixty and two-thirds percent Australian content. Despite this, there was firm resistance within the Department of External Affairs to aligning the aid program too closely to export promotion. Wilkinson suggests, however, this may have had as much to do with ensuring the Department of Trade was excluded from aid policy determination as with providing the best possible assistance.68

What was beyond doubt by the 1970s was that aid expenditure could no longer be justified on the basis of national and regional security without fear of opposition. In the heyday of the dependencia movement, Northern donors were increasingly criticised by international and domestic activists for their failure to respond to the basic needs of the Third World.69 Aid’s usefulness as a direct foreign policy tool for protecting national security appeared to be in decline. At the same time, interpretations of national interest were increasingly directed by the “low politics” of economics and trade. The question was now whether aid policy and foreign policy, development and national interest, could continue to be linked.

The Australian Development Assistance Agency

In 1973, the Whitlam Government in effect argued for a de-linking of development assistance from foreign policy-oriented national interest by establishing the Australian Development Assistance Agency (ADAA) as an independent statutory authority. Prior to then, no one government agency held sole responsibility for the administration of the official foreign aid program. Instead, the Departments of Foreign Affairs, External Territories, Treasury, and Education shared the administrative burden, with Foreign

Affairs directing aid policy. In 1972, pressure came from the Parliamentary Joint Committee on Foreign Affairs and the Prime Minister’s office to unify the disparate elements involved in aid delivery under one agency. The imminent granting of self-government to Papua New Guinea acted as a major spur to this decision. With PNG’s self-government would come the disbandment of the Department of External Territories and a need to relocate their staff. Viviani and Wilenski, who provided the seminal work on this period of Australian foreign policy history, argue that, from the outset, the Department of Foreign Affairs was chiefly concerned to avoid any movement toward an aid policy that challenged foreign policy, and was thus implacably opposed to the establishment of a separate development agency.

Whitlam, acting against the recommendations of the Interdepartmental Taskforce charged with examining this issue (which had argued for either strengthening the existing foreign aid branch of the Department of Foreign Affairs or establishing a bureau that reported directly to the Foreign Affairs Minister), announced the creation of the Australian Development Assistance Agency as a fully independent statutory authority on 18 September 1973. He gave the following explanation for this action:

The Government believes that improvements can and must be effected in almost all aspects of our aid endeavours - in the machinery for formulating policy, in assessing particular projects for assistance, in ensuring greater attention to the welfare and distributive effects of our aid, in evaluating the economic and social effectiveness of our various schemes, in apportioning and seeking approval for funds allocated for the program, in bringing greater continuity and expertise into our staffing arrangements, and in more directly associating the community with the program.

A fully unified aid administration will ensure that a comprehensive, rational approach is adopted to foreign aid. ...

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72 Ibid. at pp.97-98.

No mention was made of how aid might support foreign policy imperatives. A “rational” aid program was one which held effective development to be its core objective, undiluted by Australian national interest. Yet, while the ADAA was to be independent, under its enabling legislation the Minister for Foreign Affairs was given the discretion to require it report to him through the head of the Department of Foreign Affairs if necessary.\footnote{Australian Development Assistance Agency, *Annual Report / Australian Development Assistance Agency*, p.3.}

Delays in the passing of the bill led the Foreign Affairs Minister, Don Willesee, to start the agency as an office within the Department of Foreign Affairs. This arrangement lasted for the initial fourteen months of the ADAA’s short life.\footnote{See National Archives of Australia, *Agency notes for agency CA 1580*, \url{http://naa12.naa.gov.au/scripts/AgencyDetail.asp?M=3&B=CA+1580} (10 November 2005).} The interim staffing decisions made at this time favoured Foreign Affairs personnel. Also, the Foreign Minister, in spite of the sometimes fraught relationship that existed between himself and the department, was regularly supportive of the process of aid-related decisions coming to him via the Foreign Affairs secretary.\footnote{Viviani and Wilenski, “Politicians, bureaucrats and foreign aid”, pp.102-113.}

Evidence of the Department’s ongoing desire to maintain control over aid decision-making was amply provided in their submission to the Coombs Royal Commission on Australian Government Administration in 1974, which argued:

\begin{quote}
Co-ordination of aid programmes with Australia’s foreign relations is also a matter requiring close and constant attention. Aid lies with the framework of foreign policy and must be consonant with the Government’s objectives in our relations with foreign countries. The amount and direction of our aid must be determined in the light of foreign policy objectives and are subject to diplomatic negotiation and agreement with the governments of recipient countries and international organisations ...\footnote{Quoted in Wilenski, “Infanticide in the bureaucracy”, p.105.}
\end{quote}

In spite of this opposition, there was sufficient impetus within the fledgling entity to put out a general policy on aid. The policy statement unambiguously argued that the essential purpose of aid was to encourage development rather than meet foreign
policy or trade objectives.\textsuperscript{78} This was supported for the most part by the Minister, who stated that aid would not be used “as a stick or a carrot to impose our beliefs on independent nations.”\textsuperscript{79}

The agency had little opportunity to put these development aims into practice. Viviani and Wilenski argue that the failure to receive the levels of funding initially promised from the government, along with the continuing administrative influence of the Department of Foreign Affairs, meant there was little effective movement away from the pro-foreign policy status quo.\textsuperscript{80} In February 1976, in the aftermath of the November 1975 crisis and the election of the Fraser Government, the ADAA was abolished and placed under the wing of the Foreign Affairs Department, on their advice, as a semi-autonomous agency, eventually becoming the Australian Development Assistance Bureau (ADAB).\textsuperscript{81} This arrangement was formalised with the Australian Development Assistance Agency (Repeal) Act 1977.

In its short life the ADAA, in addition to putting out a foreign aid policy statement focused on development assistance, managed to implement a country programming approach that has stayed with all subsequent versions of the agency. It also began to improve the professionalism in which aid delivery issues were approached.\textsuperscript{82} However, its inability to establish a clear career structure outside of the Department of Foreign Affairs meant there was always a limit to the ‘corporate knowledge’ on development which the agency could expect to accrue.

Why did the ADAA not survive? As the advocates for an independent aid agency discovered, there was no natural ‘constituency’ to draw upon for de facto support in the inevitable political arguments accompanying a major policy and structural shift of this kind. There was, at that time at least, no strong policy community with a stake in the outcome and a desire to mobilise public opinion. Inevitably perhaps, any intrinsic value in having an independent development aid agency – including its capacity to explore development solutions not immediately relevant to Australia’s national

\textsuperscript{78} Australian Development Assistance Agency, Annual Report / Australian Development Assistance Agency, pp.4-5.
\textsuperscript{79} Quoted in Viviani and Wilenski, “Politicians, bureaucrats and foreign aid”, p. 115.
\textsuperscript{80} Viviani and Wilenski, “Politicians, bureaucrats and foreign aid”, pp.122-123.
\textsuperscript{81} Ibid. at pp.127-128. See also Australian Development Assistance Agency, Annual Report for 1976-77 (Canberra: Australian Government Publishing Service).
\textsuperscript{82} Viviani and Wilenski, “Politicians, bureaucrats and foreign aid”, pp.123-125.
interest – was overwhelmed by the Department of Foreign Affairs’ desire to keep this policy instrument within its grasp. Although the strategic usefulness of foreign aid was changing, it continued to be a tool to which foreign policy-makers wished to have access.

After ADAA

The decades following the termination of ADAA witnessed numerous debates over the effectiveness and role of official Australian foreign aid. Gradually, a more development-oriented notion of assistance began to take root among the development community; Australian foreign aid policy remained, however, controlled by the Minister and Department of Foreign Affairs. At the same time, national interest became more trade-focused (although realist security concerns remained highly influential), with Third World development being advanced as part of that schema – donor assistance would pave the way for productive markets in those countries.

In the late 1970s, and in the wake of the UN’s resolutions on the New International Economic Order, the Sim Committee, formed by the Australian government to explore possible responses to the NIEO, supported the call for better North-South interaction.83 The capitalist international economic system might still offer the best opportunity for the Third World to economically grow, yet the North could not “simply ... continue to affirm its belief in the virtues of the ‘western’ liberal international trading system.”84 When it came to determining exactly what the North-South relationship should entail, the Harries Committee, instituted to examine Australia’s interaction with the Third World, simply reiterated the value of trade over direct responses alleviating the “basic needs” of non-developed countries – in essence a more sensitive promotion of capitalist development so developing countries might take their place in the world trade system.85 So, while these reports indicated that the

84 Ibid. at p.5.
relationship with the Third World, and what it might evolve into, was on the
government’s agenda, their recommendations were hardly radical. 86

Confusion over the object and management of the aid program remained, a point
emphasised by the 1981 Auditor-General’s report on ADAB. In its conclusion it
succinctly outlined what distinguished the overseas aid program from most other
government activities:

- development assistance is a continuous process conditioned by changing
circumstances and changing knowledge of aid effectiveness
- the success of aid projects is difficult to ascertain because of the nature of their
objectives
- the apparent emphasis on achieving planned levels of expenditure at both
aggregate and national levels [sic]
- projects are implemented in a foreign environment at a distance, through third
parties and are subject to constraints only partly in control of the donor
- it is difficult to assess the administrative effectiveness and efficiency of program
implementation without considering factors that are essentially political in
character. 87

In other words, development assistance was difficult to administer, its objectives
resisted easy definition and were, in any case, muddied by the politics of foreign
affairs. In response to these findings, the Auditor-General argued for a more
“rational” system of aid policy and administration. There needed to be greater
consultation between ADAB and the Departments of Foreign Affairs, Treasury,
Finance and Trade, and Resources. A formalised, systematic approach toward aid
program development, requiring the setting of objectives, analysis of projects and
evaluation of results, was also seen as an essential change. Finally, ADAB needed to

86 See Ralph Pettman, How Do You Think the World Works? The Harries, the Sim and the Brandt
Reports in Analytical Perspective (Occasional Paper No.2/1980) (Canberra: Parliament of Australia,
Department of the Parliamentary Library, 1980).
87 Auditor-General’s Office, Report of the Auditor-General on an Efficiency Audit: Administration of
Australia’s Bilateral Overseas Aid Program by the Australian Development Assistance Bureau
be more professional in its program formulation and execution, and it needed more staff.\textsuperscript{88}

Many of these concerns were addressed again in the 1984 Report of Committee to Review the Australian Overseas Aid Program (The Jackson Report). Chief among these was the need to more accurately define the goal of aid. The Report attempted to encapsulate this objective in one statement:

\begin{quote}
Aid is given primarily for humanitarian reasons to alleviate poverty through economic and social development … Aid also complements strategic, economic and foreign policy interests and by helping developing countries to grow, it provides economic opportunities for Australia.\textsuperscript{89}
\end{quote}

Development, and the improvements in living conditions that accompanied it, was now the primary, although not the only, goal of the aid program – the national interest had still to be served. While aid’s primary role in this was to assist developing countries to enter the global economy, thus increasing the number of productive trade relationships into which Australia might enter, it was not out of the question that it might still be used for more immediate foreign policy aims.

On the issue of the management of the aid program, the Jackson Report emphasised what had already been well-publicised through a number of reviews, including that of the Auditor-General in 1981 and the Development Assistance Committee of the OECD’s investigation in 1983.\textsuperscript{90} Jackson noted major problems regarding the morale of the agency and the competency with which it could define its objectives and evaluate its performance. Recommendations for increasing the professionalism of the staff and the management systems followed a similar pattern to the Auditor-General’s report.\textsuperscript{91}

Thirteen years later, when the agency (now called AusAID) faced its next major review, this time from the Simons Committee, it was a well-established government

\textsuperscript{88} Ibid, at pp.12-27.
\textsuperscript{90} Development Assistance Committee, \textit{Australia} (Paris: Organisation for Economic Co-Operation and Development).
bureau with twenty years experience in managing aid delivery and with claims to an improved professionalism among its officers. With its own Parliamentary Secretary, it had a certain level of autonomy from DFAT, although its expenditure continued to be appropriated under the DFAT portfolio and it remained primarily answerable to the Minister for Foreign Affairs.92 Even so, on the question of the overall objective of the aid program the review committee found itself dealing with the same core problems that had faced the pre-ADAA inter-departmental taskforces and the post-ADAA reviews. The Committee was of the view that:

The current aid program is beset by a confusion of purpose. This was a clear and recurring criticism put to the Committee and one that was confirmed in our consultations, discussions with AusAID officers and by our experience overseas. The confusion arises from there being three different impulses, humanitarian, commercial and diplomatic, all acting on the program and not always in the same direction. 93

Seeking to resolve this “confusion of purpose” the Committee argued that, while aid might indirectly promote Australia’s long-term national interest – through the expanding of trade opportunities, regional security, and “good international citizenship” – it was undesirable that it be used as a tool in directly supporting short-term foreign policy and commercial interest. When it came to development assistance, the Committee declared that the “one clear objective” of the aid program should be to “assist developing countries reduce poverty through sustainable economic and social development”. 94 In short, the Committee recognised development objectives and foreign and trade policy objectives were not always one and the same.

The Committee’s attempt to isolate development objectives from those of foreign relations was most clearly seen in its recommendations on improving research into development causality. These included: expanding development education programs (Recommendation 19.2); implementing an ongoing analysis of public perceptions of foreign aid (Recommendation 19.3); creating a section within AusAID with the responsibility for overseeing and supporting all academic and development research activities relating to foreign aid (Recommendation 19.4); increasing government...
funds for academic research on development in a strategic manner, primarily via a development research council (Recommendation 19.5); instituting an Academic-In-Residence program within AusAID (Recommendation 19.6); and drawing up a Development Cooperation Charter (Recommendation 20.3). The general tenor of the recommendations was that the knowledge and skills required for development assistance and those required for foreign policy were not always the same, and that there needed to be significant engagement on the part of AusAID with the local and international development assistance policy community.

The Commonwealth government’s response revealed a lingering antipathy toward the promotion of development assistance objectives and policy hypotheses that were separate from those of foreign policy. Several recommendations were partly adopted; most were not accepted at all.

One recommendation that was accepted in principle argued for the establishment of a small (five to seven members) Development Cooperation Advisory Board, which would provide “an ongoing independent review of the focus and effectiveness of the aid program”. In response, the government eventually established the Aid Advisory Council; this does not, however, reflect the Simons Committee’s intent. The Council has fifteen members, meets twice a year, has the aim of providing “independent expert views” rather than an “ongoing” review of development assistance, and is not fully independent in any case, being chaired by the Minister (with the Secretary of DFAT as one of the ex-officio members).

On the question of the overall goal of development assistance, Foreign Minister Downer’s formal policy response to the Simons Report avoided the promotion of “one clear objective”, instead stating that, “... The promotion of sustainable development overseas and the pursuit of Australia’s long-term national interest are inextricably

94 Ibid. at pp.75-76.
95 Ibid. at pp.296-303, 314-315.
He went on to emphasise the trade benefits from effective economic growth in the Asia Pacific region, and also highlighted how aid not only provided the foundation for improved diplomatic bilateral relations but also addressed non-military security threats – “[p]andemics, illegal migration, refugee flows, global environment problems, narcotics and transnational crime”. It was this vision of foreign aid’s goal that was carried over as the mission statement in AusAID’s 1998 and 2001 Strategic Plans.

More recent Annual Statements on the aid program presented by the Minister to the Australian Parliament have not moved this core objective, although the methods by which it is sought to be achieved have been broadened. Within the overall aid program there has been a growing focus on ‘good governance’ and capacity-building, a preparedness to utilise Australian government agencies other than AusAID as deliverers of specialised assistance (in line with the Howard Government’s general push toward whole-of-government service delivery), and an increase in the use of untied aid. The management of aid delivery is also supposed to be going through a process of ‘devolution’, with AusAID staff, or, more likely, contractors, working within recipient government systems and with some management tasks being taken on by recipient government staff. This direct placing of Australian advisors within recipient governments is of a piece with the Commonwealth government’s growing willingness to directly intervene in ‘failed states’, such as in the Solomon Islands and, to a lesser degree, in Papua New Guinea under the Enhanced Cooperation Program (ECP). Running alongside intervention is the increasing usage of the softer rhetoric of ‘partnership’, which, in the case of the AUD 1 billion Australia-Indonesia Partnership for Reconstruction and Development, may go so far as to encompass joint

100 Ibid.
commissions to oversee expenditure – although it is as yet unclear as to the degree this partnership approach will extend into program evaluation and ‘lessons learned’.  

On the whole, for all the discussion in policy documents of greater ‘responsiveness’ and ‘partnership’, there has been little in the actual practice of the program to indicate any significant shift beyond the well-established foreign policy parameters on development assistance activity. The Enhanced Cooperation Program with PNG, for example, includes elements that are focused directly on customs and border control in a way that is of far clearer benefit to Australia than PNG. Additionally, the bulk of the ECP’s activity is geared toward the strengthening of central government institutions, with little being directed toward the local-level empowerment of the citizenry, or the encouragement of community-level development. Changes to PNG’s electoral laws have been supported by Australia, so that a preferential voting system is now in place for the next national election, but little has been done by way of considering how the Westminster System in PNG may require adaptation to that country’s social structures, especially down at the Ward and Province levels.  

Likewise, the Australian-Indonesian Partnership, while allowing for high-level interaction, does little to address more genuinely participatory forms of development, of a kind discussed earlier in this paper. And while the Australian aid program makes use of NGOs via a variety of mechanisms, including the AusAID-NGO Cooperation Program, only 4.4 per cent of the total program is directed through those entities – a low figure by OECD standards. In general, it would seem, there continues to be little in Australian foreign aid policy that reflects the more adventurous development assistance initiatives of participation-oriented NGOs, or

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even progressive, independent official development agencies such as the UK’s Department for International Development.

\textit{Does Australia have an international development assistance policy?}

Although the Australian aid program been subjected to numerous reviews and management changes, little of fundamental importance has altered in the relationship between national interest and foreign aid over the past sixty years. Development assistance remains, as it has done since the Second World War, subordinate to foreign policy. Aid policy in Australia remains politically and structurally dominated by the Minister and the Department of Foreign Affairs and conceptually dominated by national interest. The Australian government’s hypothesising on the causal connection between aid and development has shifted only in so far as its interpretation of national interest has shifted. Where the purpose of aid was once to help prevent the further spread of Communism, it is now to prevent the spread of peoples, disease, and criminal activity, and to prevent the failure of strategically important states in our region. These purposes may well be served through poverty alleviation, but it would seem that only those modes of alleviation not perceived as threats to Australian national interest will be considered with any seriousness. This underlying dissonance between development assistance and foreign policy objectives has been only rarely acknowledged, such as during the period of ADAA’s operation, and never satisfactorily resolved.

What is wrong with the position of the Australian government on this issue? After all, it is not as if development assistance that directly causes regional insecurity and instability is one which should be pursued. The best response to this question is that foreign policy-oriented national interest inherently requires some short-term analysis of security, alongside longer-term strategy. Development assistance policy – especially one that is open to ideas such as participatory or rights-based development – cannot be conceived of in such a short-term fashion. More radical development assistance approaches do not presuppose the certainty of outcome that is inherent, however wrong-headedly, in the historically linear conceptions of modernisation theory. They engage with complex issues of local community participation and
empowerment, the implications of which are not predictably supportive of Australia’s immediate national interest. Restricting aid policy hypothesising to exclude these avenues of development assistance in effect prioritises short-term security/stability aims over the possibility of longer-term, sustainable poverty eradication. The adverse consequences of restricting the official exploration of development assistance in this way may be of such a dimension as to render AusAID’s present mission statement oxymoronic. Certainly, if a major recipient of official Australian aid, Papua New Guinea, is any guide, it could hardly be said that decades of the foreign policy-dominated aid regime has led to sustained development and poverty alleviation (it may not even have prevented state collapse).\footnote{\textsuperscript{108} Sean Dorney, \textit{Papua New Guinea: What Can Australia Do (Successfully)?} (Menzies Research Centre Australian Security In The 21st Century Lecture Series, 11 October 2005), http://rspas.anu.edu.au/melanesia/seminars.php (13 December 2005)} The history of Australian foreign aid policy making leads to the conclusion that, irrespective of what it might be called in official documents, the aid program is not representative of a true international development assistance policy.

Getting beyond this state of affairs requires a political and bureaucratic shift that the Australian government has shown itself in the past reluctant to make. The experience of the UK’s DFID – especially its apparent willingness to experiment, even if not always whole-heartedly, with different conceptualisations of the aid-development relationship – suggests that a fully independent aid agency, as DFID is,\footnote{\textsuperscript{109} UK. Department for International Development, \textit{About DFID}, http://www.dfid.gov.uk/aboutdfid/ (20 March 2006).} with its own Minister and autonomous policy process would come closer to resolving this dilemma than anything promised under the present system in Australia. Given the nature of the Core Group’s recommendations, it appears highly unlikely that the forthcoming White Paper will promote anything so radical.
Uses Australia have an international development assistance policy? National interest and foreign aid policy making

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