

Helen Hughes and Aid to the Pacific

NZADDs Working Paper¹

Ewan Morris

Australian economist Helen Hughes passed away in June 2013. A moving obituary on an Australian National University website (<http://devpolicy.org/helen-hughes-20130619/>) illustrates just how formidable a person and intellectual persona Hughes was. She never lacked for vigour or ideas. An excellent example of the energy that propelled her thoughts into the public domain came in the form of a series of papers she wrote from 2002 to 2004 on aid and development in the Pacific, most prominent of these being “Aid has Failed the Pacific” published in 2003 (available online at: <http://www.cis.org.au/images/stories/issue-analysis/ia33.pdf>).

The papers she wrote at this time received considerable publicity and generated much debate. Hughes’ ideas may have been powerfully conveyed but they were not necessarily right. Part of the debate that ensued took the form of a conference paper (for the DevNet 2004 conference) written by Ewan Morris, then working at the Council for International Development, which summarises then carefully unpacks Hughes’ arguments, before refuting many of them. Morris’ paper is no longer available on the internet, yet it remains as relevant as ever, as critiques of aid such as those penned by Hughes continue unabated. For this reason, with Morris’ permission, we have republished his paper. The paper has been edited lightly, in particular I have changed the tense as appropriate. I have also added, after the references for the original paper, a list of more recent readings on aid and development related topics.

In republishing this paper we are not attempting to attack the late Ms Hughes but rather to ensure that a healthy range of perspectives are included in on-going debate on aid and development in the Pacific.

Terence Wood, July 2013

¹ NZADDs working papers do not necessarily reflect the views of NZADDs, its Steering Committee members, or any organization the paper’s author may be affiliated with. Views expressed within NZADDs papers are solely those of the paper’s author(s). Other NZADDs working papers can be accessed online at: <http://nzadds.org.nz/publications/>

Helen Hughes and Aid to the Pacific

Ewan Morris

Introduction

In a series of papers published from 2002 to 2004 for the Australian free-market think tank the Centre for Independent Studies (CIS), Australian Economist Helen Hughes lambasted both aid donors and Pacific Island governments for pursuing policies which, she argued, were failing the Pacific. This paper looks at two ways in which Hughes herself 'failed' the Pacific. First, it provides a summary of her critique of both donors and Pacific Island governments, looking at why she awarded them a failing grade. Second, it suggests some reasons why Hughes's policy prescriptions would, if implemented, fail to promote sustainable development and poverty reduction in Pacific Island countries. I am neither a Pacific specialist nor someone with practical experience of development in the Pacific. People from the Pacific, such as Claire Slatter, and others who know Pacific Island countries well, have already responded to Hughes (Slatter 2003). What I hope to contribute to the debate is a careful analysis of what Hughes did, and did not, contend, together with an examination of some flaws and contradictions in her arguments that are apparent even to someone without a deep, personal knowledge of the Pacific.

Hughes's critique

At the time of the papers' writing Helen Hughes was an Emeritus Professor at the Australian National University (ANU) and a Senior Fellow at the Centre for Independent Studies. She had worked for many years on the economics of development, particularly in the Pacific, and her career included employment at the World Bank, as a consultant to the Asian Development Bank, and as Executive Director of the National Centre for Development Studies at the ANU. At the time of their release her papers on the Pacific that attracted considerable media attention. Here I will focus in particular on two papers published in the CIS 'Issue Analysis' series: *Aid Has Failed the Pacific*, published in May 2003, and *Can Papua New Guinea Come Back from the Brink?*, published in July 2004 (Hughes 2003; Hughes 2004a). Hughes also produced a paper on Nauru, and in December 2004 CIS published *The Pacific is Viable!*, which largely restated the themes of her earlier papers (Hughes 2004b; Hughes 2004c).

Hughes occupied a somewhat ambiguous and ambivalent position in relation to Australian policy in the Pacific. Along with a number of other prominent right-wing commentators, she sat on Australia's Foreign Affairs Council, which provided advice to the government on foreign policy issues, and in 2004 the Australian High Commissioner to New Zealand described Hughes's work as having 'underlined our Prime Minister's determination to meet Australian taxpayers' expectations of how our aid program should be delivered' (Hawke 2004: 6). However, as will become more apparent later in my paper, her views were only partly consistent with the policies of the Howard government of the time. This is because she was a proponent of radical free market policies. As such, she was evidently impatient with the political compromises that governments engage in. Furthermore, while she was in tune with the Howard government's hard right economic views, she did not seem to share the more conservative, not to say reactionary, elements of Howard's vision. The world of white picket fences, where white men

were in control and 'natives' knew their place, was not one that the more radical Hughes wanted to return to.

Consistent with her uncompromising ideological stance, Hughes had a forthright writing style and was dismissive of those whose views differed from hers. Such naysayers, in her view, include self-interested Pacific Island leaders, soft-hearted but naïve non-government organisations (NGOs) and, most bizarrely, 'Marxists' (Hughes 2004d). Her ability to perceive the malign influence of 'reds under the beds', or 'Marxists under the mattress', was a good example of the eccentricities that enlivened her writing.

In her paper *Aid Has Failed the Pacific*, which began life as a submission to the Senate Inquiry into Australia's Relationship with Papua New Guinea and Other Pacific Island Countries (Hughes 2002), Hughes argued that aid to Pacific Island countries had not merely failed to promote development, but had also had a harmful effect. She painted a bleak picture of a Pacific in which income growth would fail to keep up with population growth, leading to poverty and declining living standards; health indicators akin to those of sub-Saharan Africa; education of poor quality, and inaccessible to many children; and rampant crime and corruption. She saw an 'arc of instability' forming between Papua New Guinea (PNG) and Fiji, with women bearing the brunt of chronic lawlessness, and warned that PNG risked becoming a failed or even a rogue state. While she discussed the situations in individual countries, she also generalised about the Pacific as a whole.

For Hughes, the problems of the Pacific were caused by aid flows which, together with other 'economic rents' such as income from mining and timber extraction, encouraged counterproductive economic policies and prevented essential reforms. Because others who summarised her views sometimes presented a version of 'Hughes Lite', in which she was simply a critic of corruption and poor governance, it is important to make clear that, for Hughes, *all* aid was bad because economic theory showed it to be so. Following in the footsteps of the long-time critic of aid, Peter Bauer, she argued that 'even when aid projects and programmes have positive outcomes, aid has a negative impact overall'. Because aid goes to governments, it attracts investment to unproductive publicly-owned enterprises; encourages people in recipient countries to compete for control of government resources, thereby breeding corruption; and discourages the development of more productive private enterprise. Moreover, so long as aid continues, there is no incentive for governments to reform (Hughes 2003: 27).

For all these reasons, Hughes contended that the best thing for Pacific Island countries would be for donors to cut aid altogether, a strategy that she claimed had worked in other countries. She admitted, however, that this 'would be likely to be regarded as too harsh'. Her second-best solution was to make aid more conditional, reflecting the notion of 'mutual obligation' between donors and recipients. Aid should be strictly monitored and controlled, and given only if Pacific governments adopted policies that lead to labour-intensive, export-oriented growth (Hughes 2003: 26).

While aid was the crux of the matter for Hughes, she was also critical of many features of Pacific Island governments and societies which she believed required reform. These included:

- the insistence of small island states on maintaining all the trappings of independence, rather than joining together in a federation;

- bloated public sectors that consume resources at the expense of ordinary people in the villages;
- communal land ownership and clan loyalty, which act as barriers to individual initiative and entrepreneurship;
- welfare statist policies that put redistribution ahead of production;
- excessive regulation that inhibits the growth of informal trading;
- protectionist trade policies that lead to high consumer prices, encourage inefficient industries, and hold back the development of export industries by raising the cost of inputs;
- inflexible and inappropriate industrial relations frameworks that make it difficult to establish internationally-competitive export industries;
- escalating budget deficits and growing debt burdens; and
- concentration of investment in the extraction of natural resources such as minerals, timber and fish, where income is susceptible to capture by corrupt elites, instead of in more labour-intensive export industries.

Hughes's proposals for reform flowed from her analysis of the Pacific's problems. She called for:

- governments to be drastically scaled back, with smaller states joining together in a federation;
- land ownership to be individualised;
- public enterprises and utilities to be privatised;
- tariffs and other forms of protection to be reduced or eliminated;
- labour regulations to be relaxed in export industries;
- aid flows to be removed from budgets, and budget expenditure to be brought under control; and
- economic development to focus on labour-intensive export industries.

Such policies, she claimed, would enable all Pacific Island states 'to reach high living standards, like those of Australia and other industrial countries, without aid' (Hughes 2003: 3).

Before proceeding to my critique of Hughes's analysis, it is worth saying that her work does have some positive features. It would be hard to dispute her picture of poor health, educational and social indicators in parts of the Pacific. Likewise, few would disagree that crime and corruption are problems in some countries, and Hughes was as insistent as any bleeding-heart liberal that crime is caused by unemployment and poverty. She also had a keen awareness of gender inequality, arguing that women do the bulk of the work in Pacific societies yet suffer most from poverty, crime and lack of educational and other opportunities. Many people who do not share her ideological stance would agree, too, with Hughes's criticisms of rampant exploitation of natural resources in the Pacific.

Perhaps surprisingly, given the rigidity of her policy prescriptions, Hughes was also clear that reform must be led by Pacific people themselves. She did not suffer from any nostalgia for the 'good old days' of colonialism. On the contrary, she was typically scathing about a colonial era in which administration was carried out almost entirely by expatriates, local people were treated as children, foreign firms and expatriate plantations dominated island economies, and there was little investment in social infrastructure. Moreover, she saw the colonial period as the source of

some of the Pacific's present-day failings, including bloated bureaucracies, artificial political divisions, inflexible regulations and unrealistic 'cargo cult' expectations. In *Aid Has Failed the Pacific* she stated clearly that recolonisation was untenable and likely to be counterproductive. She wrote that 'Only the Pacific peoples can take charge of their own futures' and that 'Change can only come in the Pacific from Pacific initiatives' (Hughes 2003: 18, 25). She maintained that there were ample Pacific professionals to carry out reforms, and that locals rather than expatriate advisers should be writing policies.

Such views are seemingly at odds with the interventionist approach to the Pacific taken by the Australian government in the years following the publication of her first paper. It is interesting to note that, when she wrote about Papua New Guinea more than a year later, she supported Australia's Enhanced Cooperation Package, which included the placement of Australian staff in government positions, and was acerbic about those who opposed it. Even so, she was at pains to state that this package was 'not a step toward re-colonisation', that it would 'require considerable Papua New Guinea Government involvement and support to be effective', and that 'External attempts to guide Papua New Guinea's political development are doomed to failure' (Hughes 2004a: 4).

A critique of Hughes

While there is sense in some of what Hughes wrote, and while she appeared to have faith in the ability of Pacific people to decide their own destinies, her ideological blinkers produced an analysis which was deeply flawed. I want to turn now to some of the problems with Hughes's arguments. I will be responding to Hughes very much on her own terms, rather than raising more fundamental questions about, for example, the pursuit of economic growth.

As I have pointed out, Hughes's critique of aid was a far-reaching one, based on economic theory. Aid, in her view, was harmful; it should ideally be cut altogether, as withdrawing aid had worked in other countries. This view is certainly not an orthodox one, even among economists. There is a lively debate among economists about aid effectiveness, and particularly about the conditions under which it can be effective. If anything, there is a consensus that aid does promote growth and reduce poverty (Hudson 2004: 189; McGillivray 2004; Clemens, et al. 2004), but in any case it is certainly misleading to pretend that the question was settled by Peter Bauer in the 1960s. Indeed, in *Can Papua New Guinea Come Back from the Brink?*, Hughes herself grudgingly conceded that 'debate continues on whether any aid can be effective', and that, with reforms in Papua New Guinea, 'Australian aid could *perhaps* be effective' (Hughes 2004a: 11; emphasis added). Hughes also ignored the amount of aid received in the past by other countries that she pointed to as models for the Pacific. Countries such as Taiwan and Botswana are commonly pointed to as examples of countries that used aid effectively to achieve growth and move towards self-reliance, and it is mischievous to suggest that they grew without aid (Bräutigam 2000: 49-53; Radelet 2005). Hughes's view that, ideally, aid to Pacific Island countries should be cut, leaving them to sink or swim, put her at an extreme in the aid debate. Most observers who do not live in the world of arid economic theory would surely conclude that, if the countries of the Pacific were cut adrift in this way, they would swiftly sink.

This is not to say that there are no problems with aid to the Pacific. One of the weaknesses of Hughes's account is that, while she was quick to accuse Pacific Island leaders of pursuing their

own self-interest at the expense of ordinary people, she had little to say about the self-interest of the donor countries. As Vijay Naidu has pointed out, donor countries have for decades used aid to the Pacific to advance their strategic and commercial interests (Naidu 2003; Naidu 2004: 119). Hughes did refer to the phenomenon of 'boomerang aid', whereby much of the aid going to the Pacific actually benefits consultants and companies from the donor countries (Hughes 2003: 20). She had little time for expatriate consultants despite, or perhaps because of, having been one herself.

However, she did not consider the ways in which commercial interests may be distorting the Australian aid programme, so that the greatest beneficiaries of some projects have been Australian companies rather than the poor. According to the Australian NGO AID/WATCH, the GRM company, owned by one of Australia's richest men, Kerry Packer, was involved in AusAID contracts worth nearly A\$200 million in 2003/04. About a quarter of this income came from contracts in Papua New Guinea (AID/WATCH 2005a, 2005b). Questioning such uses of Australian aid money is not on Hughes's agenda, which is hardly surprising since a free-market think tank that criticised Australian business interests could not expect to last long.² Her failure to consider the role of donor self-interest in making aid less effective in reaching the poor was, nonetheless, a notable gap.

In making her case that Pacific Island countries should be performing much better economically, Hughes drew comparisons with a number of other developing countries, such as Botswana, Mauritius, Thailand and Malaysia. She highlighted the fact that these countries experienced much more rapid export-led growth than Pacific countries. However, her comparisons were remarkably superficial, and she made little attempt to examine the kinds of policies these countries employed to achieve rapid growth. While these countries may have employed some of the policies that Hughes favoured, none pursued the kind of rapid liberalisation she advocated. These and other countries such as Taiwan and South Korea are perhaps best described as cautious liberalisers.

The case of Mauritius, a small island developing state with some similarities to Fiji, is particularly instructive. A paper from the International Monetary Fund has explored the reasons for the 'Mauritian miracle', the miracle being that Mauritius has prospered without following approved IMF 'Washington consensus' policies (Subramanian and Roy 2001). The IMF paper identifies a number of striking features of Mauritius's policies and performance:

- Mauritius was a highly protected economy through the 1970s and 1980s, with average tariff rates exceeding 100% in 1980. Not until the late 1990s did trade protection begin to decline significantly.
- Rather than removing protection from domestic industries, Mauritius boosted exports by providing duty-free access to imported inputs and establishing export processing zones (EPZs).

² It is ironic that the Centre for Independent Studies preaches the virtues of transparency to the Pacific, but provides no information on its website about the identity of its corporate supporters.

- The export processing zones subsidised exports by providing tax incentives to firms operating in them and by relaxing labour standards within the zones, particularly by paying lower wages to women, who made up the bulk of the workforce in the EPZs.
- Mauritius benefited enormously from preferential access to the European Union sugar market and to the EU and United States textile and clothing markets. In this respect, it is remarkably similar to Fiji.
- Mauritius had strong democratic institutions, which helped to accommodate its ethnic diversity.
- It also had a large, relatively well-paid civil service, generous social protections, and an active union movement, with centralised wage bargaining.

Some of the policies pursued by Mauritius may be disquieting to people on the left, but it is clear that the Mauritian case does not support Hughes's contention that what the Pacific needs is a good dose of textbook *laissez-faire* economics. If Hughes wanted an example of what happens when small and vulnerable island economies open rapidly to international competition, she could have looked instead at Haiti. Pressured by the US and the IMF to open its markets, Haiti became one of the most open economies in the world. The result was that local production was undermined by subsidised US imports, and poverty increased (Oxfam International 2002: 10). The Mauritian example, by contrast, points to the need for policies appropriate to the conditions of each country, rather than a 'one size fits all' approach.

One size fits all?

Hughes contended that 'Unlike social and political institutions, the liberal institutional framework for growth has proved to be internationally transferable' (Hughes 2004a: 7). In other words, she not only believed with Margaret Thatcher that There Is No Alternative to the unbridled market, but that, when it comes to economic policies, no account need be taken of local cultures and conditions. This was most apparent in her discussion of land tenure and communalism in the Pacific. Pacific societies, like all human societies, are not changeless but are evolving as they adapt to a changing environment. The choice, then, is not between static and dynamic societies, but between evolution and the kind of revolution Hughes proposed. Hughes acknowledged that individualisation of land tenure would be difficult, and was likely to have costs for some people. However, she surely underestimated both the difficulties and the costs of any process of rapid individualisation. The experience of indigenous peoples around the world suggests that the rapid breakup of communal ties, to which land is central, does not lead to the transformation of previously communal people into the individualistic, rational pursuers of self-interest beloved of economic theory. Instead, it gives rise to dislocation and dysfunction, exacerbating the very problems of violence, substance abuse and other destructive behaviours that Hughes rightly lamented.

Hughes gave no clues as to how individualisation of land tenure should be carried out, or how the problems encountered in other individualisation processes could be avoided. She pointed to the domination of 'big men' under current arrangements, but did not suggest how to avoid such 'big men' ending up in sole ownership of individualised land, as the Scottish lairds did after the Highland Clearances. She seemed unaware that formalising previously flexible systems of customary ownership may create disputes as much as it resolves them. She also failed to consider whether, as some research from Africa suggests, it is not a case of land tenure

determining markets but rather of tenure adjusting to markets that develop, or fail to develop, for other reasons (Larmour 2002: 154).

A more nuanced account of the Papua New Guinean experience of land reform comes from Alan Ward of Newcastle University in Australia. Ward is a New Zealander who, as well as working in PNG and other parts of the Pacific on land issues, has written extensively on the destructive effects of individualisation of land on Maori in New Zealand. In evidence to the Waitangi Tribunal, in which he was asked to explore comparisons between the Maori experience and that of other Pacific peoples, he had this to say about PNG:

All in all, PNG experience over the last fifty years has been that elaborate and expensive schemes of land registration that purport to take the land out of custom are not generally required, at least for agriculture. Some that have been attempted are ineffective. Most enterprise is still taking place on customary land... Clearly villagers want to shake off the constraints of custom to some extent...; but it is very doubtful that they want 'tenure conversion' to mean the right to sell freely to outsiders. Formalised direct leasing is, however, widely desired... Meanwhile, 'custom' has changed considerably without the invoking of statutory processes. A great many transactions occur between Papua New Guineans which are openly called sales or leases 'according to custom' (Ward 2001: 145-146).

Hughes did say that any change to land tenure must be chosen by Pacific people themselves, but one of the problems for her argument is the evident lack of support in the Pacific for any move towards full individualisation of tenure. It is hard to see how a radical transformation of land ownership in the Pacific could be brought about by democratic means, and it is equally hard to think of a historical example where individualisation of customary land has occurred with the consent of the owners. There is certainly a good case for exploring options such as leasing of customary land, but any attempt to bring about more far-reaching change in the short to medium term is only likely to cause conflict and insecurity. (For further discussion of this issue, and critique of Hughes's views on customary land, see Fingleton 2005.)

Land tenure is not the only area in which Hughes's proposals seem likely to be met with little enthusiasm from many Pacific people. To her credit, she said it was for the people of Pacific Island countries to choose their own policies, but her support for democracy sat uncomfortably with her insistence that there is only one path for the Pacific to follow. This tension is apparent in her discussion of industrial relations in Fiji. She evidently considered it a good thing that the Rabuka coup weakened the Fijian union movement, leading to the creation of a low-wage clothing export industry (Hughes 2003: 8, 16). Clearly she was not in favour of coups, but in this case 'good governance' seemed to take a back seat to 'labour market flexibility'.

More fundamentally, arguments such as those advanced by Hughes face the problem that such radical policy programmes have little chance of being endorsed in full if the people of Pacific Island countries are given a genuine choice. Hughes claimed that 'the majority of Australian taxpayers' had rejected at home the 'welfare and statist' policies she saw being pursued in the Pacific (Hughes 2003: 21). Having lived through the period of economic restructuring in Australia in the 1980s and 90s, I can attest to the fact that Australian voters did not *choose* to undergo this process any more than the voters of New Zealand did. Rather, they were presented with two major political parties both promoting variations on the same theme. Perhaps this is the kind of choice Hughes would have liked to have seen offered to Pacific Island countries. In

calling for the withdrawal of aid unless Pacific Island countries adopt a narrow set of policy prescriptions, she was effectively saying they should have no choice at all.

Conclusion

Helen Hughes's papers on the Pacific were not wholly without merit. She identified some real problems faced by Pacific Island countries, but her rigid ideology was of little assistance in finding solutions. Indeed, I would suggest somewhat cheekily that Hughes was in the grip of a cargo cult: Pacific people must believe in the gods of the free market, perhaps sacrificing a few of their firstborn children along the way, and their lands will flow with milk and honey. If only it were that simple. The people of the Pacific must be allowed to find their own solutions, appropriate to their own conditions. As Hughes herself said, there must be open discussion in Pacific Island countries about the way forward. There is room in such discussions for friendly and humble advice from outside, but the Pacific will not be well served by people of either the left or the right who believe they have all the answers.

Ewan Morris, 2004

References

- AID/WATCH*. (2005a, Feb). Australian Aid: The Boomerang Effect.
- AID/WATCH* (2005b, Feb). Australian Aid to PNG: The Boomerang Effect Continues: Part II.
- Bräutigam, D. 2000. *Aid Dependence and Governance*. Stockholm: Expert Group on Development Issues.
- Clemens, M., S. Radelet and R. Bhavani. 2004. *Counting Chickens When they Hatch: The Short-Term Effect of Aid on Growth*. CGD Working Paper 44. Washington, DC: Center for Global Development.
- Fingleton, J. (ed.). 2005. *Privatising Land in the Pacific: A Defence of Customary Tenures*. Australia Institute Discussion Paper 80. Canberra: The Australia Institute.
- Hawke, A. 2004. 'Regional Cooperation in the Pacific: An Australian('s) Perspective', speech to the Otago Foreign Policy School.
- Hudson, J. 2004. 'Introduction: Aid and Development', *Economic Journal*, 114 (496).
- Hughes, H. (2002, March 28). Submission to Senate Foreign Affairs, Defence and Trade References Committee Inquiry into Australia's Relationship with Papua New Guinea and other Pacific Island Countries.
- Hughes, H. 2003. *Aid Has Failed the Pacific*. CIS Issue Analysis 33. Sydney: Centre for Independent Studies.
- Hughes, H. 2004a. *Can Papua New Guinea Come Back from the Brink?*. CIS Issue Analysis 49. Sydney: Centre for Independent Studies.
- Hughes, H. 2004b. *From Riches to Rags: What Are Nauru's Options and How Can Australia Help?*. CIS Issue Analysis 50. Sydney: Centre for Independent Studies.

Hughes, H. 2004c. *The Pacific is Viable!*. CIS Issue Analysis 53. Sydney: Centre for Independent Studies.

Hughes, H. 2004d. 'Pacific States Stagnate', *Dominion Post* (Wellington), 1 July 2004.

Larmour, P. 2002. 'Policy Transfer and Reversal: Customary Land Registration from Africa to Melanesia', *Public Administration and Development*, 22: 151-161.

McGillivray, M. 2004. 'Is Aid Effective?', paper for Foundation for Development Cooperation Financing Development Colloquium.

Naidu, V. 2003. 'Aid "Facts" Misleading' (letter to editor), *Dominion Post* (Wellington), 22 May 2003.

Naidu, V. 2004. 'Aid in the Pacific: What Works and Why?', *Development Bulletin*, 66: 117-124.

Oxfam International. 2002. Boxing Match in Agricultural Trade: Will WTO Negotiations Knock Out the World's Poorest Farmers?. Oxfam Briefing Paper 32.

Radelet, S. (2005, Feb). Think Again: US Foreign Aid.

Slatter, C. (2003, July). A Commentary on Helen Hughes' 'Aid Has Failed the Pacific'.

Subramanian, A. and D. Roy. 2001. *Who Can Explain the Mauritian Miracle: Meade, Romer, Sachs, or Rodrik?*. IMF Working Paper WP/01/116. Washington, DC: International Monetary Fund.

Ward, A. 2001. 'Ngati Pikiao Lands: Loss of Tribal Ownership and Control', unpublished report for the Waitangi Tribunal, Wai 550, doc A5.

Further Reading

Since 2004 debate on aid and development has continued. What follows is a list of some literature likely to be of interest.

Aid - General

Two more recent, influential, books critical of aid are:

EASTERLY, W. (2006). *The white man's burden: why the West's efforts to aid the rest have done so much ill and so little good*. New York, Penguin Press.

MOYO, D. (2009). *Dead aid: why aid is not working and how there is a better way for Africa*. New York, Farrar, Straus and Giroux.

Of these two books Easterly's is by far the better.

A spirited, if not entirely convincing, defence of aid, coupled with a call for more of it can be found in:

SACHS, J. (2005). *The end of poverty: economic possibilities for our time*. New York, Penguin Press.

The best, and most balanced, scholarly text on aid written in recent years is:

RIDDELL, R. (2007). *Does foreign aid really work?* Oxford, Oxford University Press.

Both Hughes and Morris cite papers that use of multivariate regressions to attempt to isolate the impact of aid on economic growth, this literature has continued, to the point now that authors are running meta-analyses, combining the results of previous papers.

Two such studies, offering somewhat conflicting results, are:

MEKASHA, J. and TARP, F. (2011) *Aid and Growth: What Meta-Analysis Reveals*, UNU-WIDER Working Paper 2011/22

DOUCOULIAGOS, H. and PALDAM, M. (2012) *The robust result in meta-analysis of aid effectiveness: A response to Mekasha and Tarp*, Deakin University Working Paper SWP2012/4

It is worth noting that both papers find, if anything, a small positive effect of aid on growth. They do not find any evidence in favour of a large negative impact such as that suggested to exist by Hughes.

There are significant methodological problems with aid-growth regressions (problems that are not resolved through meta-analysis). These issues are summarised well in:

ROODMAN, D. (2007). "Macro Aid Effectiveness Research: A Guide for the Perplexed." Center for Global Development Working Papers 135.

More recent work has also suggested that aid has different impacts on economic development depending on country context, for example:

WRIGHT, J. (2010). "Aid Effectiveness and the Politics of Personalism." *Comparative Political Studies* 43(6): 735-762.

Beyond economic development, there are a number of individual examples of aid funded work having major positive impacts, particularly in health (although there have also certainly been significant failures). For examples of major health successes in developing countries (including some funded by aid) see:

LEVINE, R. (2007). *Case studies in global health: millions saved*. Sudbury, Jones and Bartlett Publishers.

To the extent that there is a consensus amongst scholars of aid it is probably that aid can help, although it is rarely transformational, and whether it helps or not depends on country context, desired results and the intentions of donor countries. Increasingly aid donors (at least internationally, though not yet often in the Pacific) are making use of sophisticated research tools to help determine if aid work is working and why.

An excellent example of this in action can be found at:

<http://www.povertyactionlab.org/evaluation/community-driven-development-sierra-leone>

Aid – Australasia and the Pacific

A series of papers focused primarily on aid from New Zealand can be found at:

<http://nzadds.org.nz/publications/>

A series of papers and blog commentary with a predominantly Pacific focus can be found at the ANU Development Policy Centre's Website: <http://devpolicy.org/>

'Pacific Futures', an interesting World Bank discussion paper can be found at:

http://devpolicy.anu.edu.au/pdf/2012/Discussion_Note_Pacific_Futures.pdf

The Victoria University IGPS conference publication 'Eliminating World Poverty' affords a range of different, competing perspectives on development in the Pacific:

<http://ips.ac.nz/publications/publications/show/274>

Development

In addition to their differences on aid, Hughes and Morris also differ in their approaches to development more generally. Recent interesting contributions to broader debates about what drives development include:

ACEMOGLU, D., & ROBINSON, J. A. (2012). *Why nations fail: the origins of power, prosperity, and poverty*. New York, Crown Publishers.

BANERJEE, A. V., & DUFLO, E. (2011). *Poor economics: a radical rethinking of the way to fight global poverty*. New York, PublicAffairs.

CHANG, H.-J. (2008). *Bad Samaritans: the myth of free trade and the secret history of capitalism*. New York, NY, Bloomsbury Press.

GREEN, D. (2008). *From poverty to power: how active citizens and effective states can change the world*. Oxford, Oxfam International.

RODRIK, D. (2007). *One economics, many recipes: globalization, institutions, and economic growth*. Princeton, Princeton University Press.

SEABRIGHT, P. (2004). *The company of strangers: a natural history of economic life*. Princeton, N.J., Princeton University Press.

A good text summarising a range of development thought, from free market thinkers to anti-capitalists, is:

SIMON, D. (2006). *Fifty key thinkers on development*. London, Routledge.

(reading list compiled by Terence Wood)