

BOOK REVIEWS

Aid and Development in Southern Africa: British Aid to Botswana, Lesotho and Swaziland by David Jones, London, Croom Helm, 1977, 313 pp.

I

This book seeks to analyze the performance of British aid to Botswana, Lesotho, and Swaziland during the decade from 1964 to 1974 in which these nations received their independence from Great Britain. The author takes a close look at the aims of donor and recipient, the adequacy of those aims, and the effectiveness of aid in accomplishing them.

Jones starts his background discussion by touching on the history from the nineteenth century on of the Swazis, the Basotho, and the Batswana (Chapter 1). As is well known, each country's economy has been under the heavy shadow of the Republic of South Africa, and a situation became even more pronounced when each gained independence. "Between the three countries and the Republic there is a long history of mutual hostility" (p. 24). But, in the sphere of economic cooperation, the new Customs Union Agreement of 1969 was a very important development, in that all three countries enlarged their revenue base considerably, compared to what they had under the old agreement (Chapter 2). The three countries have only 0.2 per cent of the total population of Commonwealth developing countries, but, have received 4 per cent of British Commonwealth aid, and 3 per cent of all its development aid. In view of this, the care the author has given to the Republic of South Africa's presence in regard to the three countries is necessary in order to better understand their receipt of British aid.

Chapter 3 analyzes "the aid machinery" in Britain. Since its establishment in 1964, the Ministry of Overseas Development (ODM) has gone through several organizational changes. The allocation of aid is determined by an ODM prepared framework, which shows amounts that will be disbursed in the next year and in the two following years after that. The framework is based on the commitment to individual countries.

Basic to formulating the aid framework is ODM's Country Policy Paper. After preparation the aid program is incorporated into the annual budget, the general rule being "funds have to be spent in the year for which they were voted" (p. 35). When budgeted amounts are not used up by the end of the financial year, an unspent balance of up to £10 million can be carried forward to following years, or "borrowed" up to the same limit from a future year, as of 1974. Such development aid was disbursed either on grant or interest-free loan terms against approved projects. To cope with delay in disbursement due to lack of project implementation by a recipient, ODM encouraged "overcommitment" (i.e., it approved more projects than could be financed within the ceiling for that year).

Notwithstanding the *prima facie* flexibility of the overall British aid mechanism,

the budgetary aspect does not always correspond to aid realities, in that all disbursement taking place during the years of a project is not covered. An interesting thing is that the U.K. aid budget system is not operated the same way as Japan's although the annual budget rule is similar. In case of Japan, the entire undisbursed balance of the annual budget earmarked for individual projects could be carried over to following years, despite the lack of legal guarantees. Though Japanese aid agencies under ministerial control do not have as much power as ODM, Japanese aid methods appear more malleable than those of United Kingdom.

During the period studied by the book, British financial assistance to Botswana, Lesotho, and Swaziland (BLS) was tied aid. Application, however, was practical and flexible in that local procurement was allowed due to the need for local cost financing, and furthermore third-country procurement permitted. The expectation in those days was that U.K. procurement rules would be far more liberal than the rules of other nations' bilateral aid agencies, although the author does not mention this. To a considerable extent, this liberality was due to the peculiar concerns of the United Kingdom towards BLS, and towards South Africa as well, where subsidiaries of British firms were operating.

II

In Chapter 4, Jones asks what the objectives of aid are. He says that the United Kingdom's official formulation lists the two altruistic objectives of promoting development and alleviating poverty, and the two self-interested goals of promoting Britain's political and commercial interests. In the case studies of U.K. aid to BLS, these perspectives, in particular "development," are the ones that are used. "Development" means, according to Jones, a sustained improvement in the standard of life—considering both social and economic factors—and a higher distribution weight given to the poor than to the rich.

Because he takes into account the standard of life including social factors, the author becomes involved in problems of value judgment and avoids elaboration through quantification. His approach itself is a correct one; but at the same time the qualitative analysis of aid makes it harder for the reader to clearly understand the comparative study of the three countries. Since the "shadow prices" method will incorporate distributional effects of aid into a model, the author should allow for it.

Jones seems reluctant to use capital accumulation approaches such as the "two-gap" model which ignores "productive" consumption such as health, education, government services, and high-level skills. In this connection, technical assistance services for "productive" consumption are considered to be a breakthrough which will put an end to development bottlenecks. In fact, British technical assistance to BLS was vital, for without it the administrative situation after independence would have been chaos (Chapter 5). The problem of U.K. technical assistance is, first, that it falls not into a country framework setup by ODM but under two separate framework exercises, one for the Overseas Service Aid Scheme (OSAS) and another for the Special Commonwealth African Assistance Plan. Technical assistance was not given necessarily in the light of financial aid. Second, after independence, the qualifications

and abilities of some OSAS personnel, particularly in Lesotho and Swaziland, were embarrassingly low. To prevent such deficiencies, the author recommends reshaping OSAS into an ODM organization in order to recruit qualified officers and incorporating technical assistance into a single-country framework ODM figure (Chapter 5).

These recommendations are persuasive and logical as far as ODM organization is concerned. However, organizational reshaping alone cannot be a solution; the point is one of locating technical assistance in the whole aid program, irrespective of which agency is engaged in it. Jones's recommendations seem unlikely to do anything more than provide for organizational change.

The author argues that "it would be irresponsible as well as politically impossible to give aid without trying to ensure that it was well used" (p. 51). This is the "leverage" issue. The most common means of leverage (i.e., offering aid on condition that the recipient does or does not do something) is control over the nominal end-use of aid. Typically, one is procurement-tying, the other project-tying. Leverage is advocated as a means by which the donor can force a recipient country to use the aid efficiently. However, Jones fails to indicate that this is also the case when the donor is supposed to play a vital role in the recipient's development as the United Kingdom has with BLS. But, the fact of the matter is that a marginal donor country should not be allowed to use the leverage effects of aid, otherwise divergences in the aid policy of each marginal donor could cause inconsistency and confusion in the recipient's development strategy.

Country studies (Chapter 6 to Chapter 23) reveal findings that, despite British aid's exceedingly dominant share in recurrent and capital expenditure, the leverage effect was rather restrictive. In practice, ODM has limited its pressure upon Botswana, Lesotho, and Swaziland to improvement rather than formation of recipient strategy. "The furthest ODM goes is to refuse aid to a sector unless policy is changed in that sector" (p. 57). ODM is reluctant to do even that. The reason for such limited influence is claimed to be British sensitivity towards interfering and the budgetary and administrative system's pressure for spending all framework funds. "ODM has probably more influence on the design of projects than on the design of policy through technical assistance" (p. 58).

In connection with leverage, shunting—"using aid for expenditures that would have been made in its absence with own funds, and thus release funds to cover expenditures that the donor would not have financed" (p. 52)—might take place. Shunting of the aid recipients' own funds could occur and lead to a waste of scarce domestic resources. In this case the donor's implicit bargaining by giving less aid to recipients who waste resources might control undesirable shunting. Thus, leverage and shunting are closely interwoven.

Britain, a most flexible donor, has financed projects which were not popular with other donors—small, politically sensitive projects, often of very high priority to the recipient. "Thus, U.K. aid probably had little effect in shunting local finance into capital projects which the U.K. would have refused to finance, or in shunting other donors' funds out of projects they would have financed or out of BLS" (p. 56). Here, the finding that U.K. aid has little effect in shunting local finance into capital projects appears to contradict the proposition that shunting is likely to occur when a donor

finances a high priority project (p. 52), as with British aid. Jones does not provide an explanation.

For another example, "there was almost certainly shunting between the capital and recurrent budgets" (p. 57) in that British aid would have prevented recipients from making drastic cutbacks in current budgets, in order to finance at least some of their capital projects. The difficulty of the shunting problem is in speculating that it would have occurred without British aid. In such a hypothesis, the reader is dependent on the author's knowledge of and experience in BLS.

It is notable that British aid to BLS was over £3 per capita when other Commonwealth countries were getting less than £1. The average terms of U.K. aid to BLS range from a grant element of 81 per cent for Swaziland, to 89 per cent for Botswana, and 100 per cent for Lesotho, compared with a U.K. average of 85 per cent for all official development assistance. Such favorable terms for BLS are due to viability, diseconomies of scale, past neglect, an enforced relationship with the Republic of South Africa and the weight of precedent (Chapter 5).

The author argues that the share of British aid to Botswana and Swaziland can be no longer justified, for economically and financially both countries are now viable in an excellent position to obtain aid from other donors. The author recommends strict limitation of British financial aid to those countries. However, in practice the economic and financial viability of Botswana and Swaziland might justify more U.K. aid, at least from their standpoint. The author should have commented upon this point.

III

In the last part of Conclusions and Recommendations in Chapter 5, the problem of "underexpenditure of aid" is touched upon. Setting aside recipients' capacity of implementation, Jones explores means for improving expenditure of aid by the United Kingdom. As mentioned before, the main obstacles are the rules of the annual budgeting system. Also, "carry-over" from one year to the next, "overexpenditure" within limits, and "overcommitment" as a relaxation of the budget system are recommended. One can not deny that the recommendations are appropriate, though they are not certainties considering U.K. budget rules. Japan, for one, has been applying the budget rule to aid in almost the same way as recommended.

After Conclusions and Recommendations, case studies on Botswana, Lesotho, and Swaziland follow in Parts II, III, and IV (Chapters 6 to 23). In the case studies, voluminous data on donor aid to BLS, in particular that from the United Kingdom, are collected and analyzed and most of the findings on the aims and achievements of British aid are suggestive and instructive. From now on, any study on U.K. aid to those three countries will have to take this book into regard. Furthermore, when one thinks of the role aid can play in the development of a nation, Jones's book may be a fundamental work.

Although this lengthy and painstaking book is not necessarily easy to understand, great care has been taken to make it easy to read. Analysis of the history of BLS, its relationship with the Republic of South Africa, and U.K. aid machinery is not

only an introduction to country studies but also an independent handy reference to respective fields. And to provide perspective for coming studies, the conclusions and recommendations of the case studies are discussed before their presentation.

As mentioned, the United Kingdom was deeply involved in the development of these three countries, through aid to recurrent expenditure as well as capital. Irrespective of that, U.K. aid was not as effective as expected in terms of restructuring BLS economies in line with the favored development strategy. Along the lines posed by this argument, one should be skeptical of the general effect of aid which a donor country has either marginal or less dominant.

This book will make the reader ask himself what meaning aid has after all in development and, in this sense, it is recommended to students seriously concerned with development issues.

(Takashi Aoki)

Farmer and Village in West Malaysia by T. Ōuchi, N. Saeki, A. Takahashi, K. Horii, and M. Tanaka, Tokyo, Faculty of Economics, University of Tokyo, 1977, xiii + 198 pp.

This monograph *Farmer and Village in West Malaysia* is the English version of the final report in Japanese prepared by the Asian Agricultural Research Team of the Faculty of Economics, University of Tokyo. The study, undertaken over July–October 1975, focusses on the processes of change in West Malaysian padi-growing villages as perceived by an all-Japanese team comprising four economists and two agricultural economists from Tokyo University, Sophia University, and the Institute of Developing Economies.

As indicated in the preface (p. v), the objective of the research project is to survey "...recent developments in paddy farming in Peninsular Malaysia as well as changes in village life brought about by technological innovation and government projects and to analyse various aspects of interrelations between them and the national economy of Malaysia." The approach adopted is to place the agricultural economy, and particularly the padi-producing subsector, within the context of the Malaysian economy and its structural dimensions. This forms a backdrop, doubtlessly useful to those readers unacquainted with the Malaysian economy and its developmental trends, for the three detailed village studies which assess the micro-level changes in society and its economic underpinnings as a consequence of technological innovations in padi production.

Approximately fifty pages (pp. 7–55) are devoted to Part I of the monograph providing a bird's eye view of the Malaysian economy and the role of padi production in Malaysian agriculture. To say that the overview does justice to the ramifications of the Malaysian economy would be in the nature of an exaggeration although the writers identify some of its more important structural dimensions especially as they relate to agriculture and padi growing. The central argument that develops (or that