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DEPENDENCY THEORY AND DONOR AID: A CRITICAL ANALYSIS

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ABSTRACT

This article is a theoretical interrogation and appreciation of the relationship that hitherto exists between the dependency theory and donor aid. A number of scholars have heaped aspersions on the relevance of the dependency theory. This article argues that dependency theory is still relevant and has flared in this current epoch. Donor aid has emerged as a symbol of dependency, supporting the argument on the relevance of dependency theory. Donor aid has emerged as a nuanced form of dependency on western countries. Dependency theory, which originated in the 1950s, has Singer and Prebisch as the progenitors – and emerged as a result of the growing dissatisfaction with modernity theories that had propounded that economic growth in developed countries was similarly going to lead to unabated growth and development in poorer countries. The theory is premised on resources being extracted from poorer countries to enrich wealthy nations. The continuation of this scenario has resulted in a situation where poverty has been exacerbated among the poorer nations, while the wealthy nations are becoming richer. Donor aid has, in a plethora of ways, enriched the rich countries while dialectically impoverishing poor countries. It is not an exaggeration that donor money that is being extended to Third World countries, has created more employment, demand for goods and services in richer countries than in poorer countries, thus perpetuating underdevelopment in the latter. Donor aid has undoubtedly, been used as a rod to whip Third World countries at variance, with self-serving interests. On the other hand, the insatiable desire for aid has forced the poorer countries to submit to the dictates of the richer countries.

Keywords dependency; dependency theory; donor aid, poor countries; richer countries

INTRODUCTION

Tony Blair once remarked that Africa “is a scar on the conscience of the world”, a view supported by Moyo (2009); who has provided the rationale for giving aid to Africa.

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Unaware of the link between donor aid and dependency, Africa has thus, so far received US$1 trillion in development-related aid for the past 50 years. Hitherto, instead of taking Africa out of poverty Moyo (2009) laments the resultant dependency and stifled growth that has characterised development in Africa. Therefore, this article is a theoretical discussion and appreciation of the relationship between the dependency theory and donor aid. It is a conspicuous recognition that donor aid fosters the dependence of Third World countries on First World countries. There is an unambiguous link between donor aid and dependency. Moreover, there has been growing resentment to the dependency theory as a quantum of scholars argue that it has lost relevance. A look at donor aid however, suggests the contrary, as donor aid is a quintessence of the dependency theory. Therefore, to argue that dependency theory has lost relevance is myopic and preposterous.

Dependency theory is not a single theory, but rather a consolidation of conceptualisations by a plethora of theorists. However, as stated earlier, the theory has Paul Hans Singer and Raul Prebisch as progenitors. According to Ferraro (1996), dependency theory developed in the late 1950s under the guidance of the Director of the United Nations Economic Commission for Latin America, Raul Prebisch and his colleagues, who were concerned that economic growth in advanced and industrialised countries did not necessary lead to attendant growth in poorer countries. The theory is premised on resources being extracted from poorer countries to enrich wealthy nations. The continuation of the scenario, continues to enrich wealthy nations, while the poorer nations are tremendously impoverished.

Dependency on donor aid is still relevant in today's world, as typified by the transfer of aid from rich countries to poorer countries. Proponents of the dependency theory have argued that the transfer of resources has impoverished the Third World countries inherently. Donor aid had sonorously benefited countries that offer aid than the ones receiving it. In order to ensure a continued flow of resources to western countries the core used paraphernalias like military power. Donor aid has been used as a potent force to entrench dependency. Evidence in superfluity suggests that donor aid has strong affinity with dependency theory. Thorough and rigorous appreciation of literature on donor aid and dependency theory was done to bring to the fore the intimate relationship between donor aid and dependency theory.

OVERVIEW OF DEPENDENCY THEORY

Singer and Prebisch are regarded as progenitors of the dependency theory. Dependency theory is not a single strand of theory by the above mentioned progenitors, but a consolidation of the works of many theorists. There are still points of serious disagreements among the various strains of dependency theorists – therefore, it would be misleading to suggest that there is only one unified theory of dependency (Feraro 1996). Dependency theory emerged in the 1950s as a direct response to the inadequacies of the modernisation theory. Theorists were frustrated by the fact that unabated growth in rich and industrialised countries failed to bring attendant growth in poorer countries. Frank (1967) explained the emergence of dependency as a strand of theorising by noting that orthodox development theories epitomised by modernity do not capture the kind of relationship that exists between rich nations and the poorer regions of the world. Given this glaring imperfection, there is a need to delve deeper into the kind of relationship that exists between the rich and poorer nations. Frank argues that modernity theories are rhetoric as they do not reveal the motive behind the giving of donor aid to undeveloped nations.

Skunkel (1969) defines dependency as economic development of a state whose national development policies dependent on external influences. Dos Santos (1971) appreciates the historical aspect of dependency and views dependency as a condition that shapes a certain structure of the world economy in such a way that it favours some countries to the detriment of others, and limit the development possibilities of the subordinate economies – a situation where the economy of a certain group of countries is conditioned by the development and exploitation of another economy to which their own is subject. Dependency theory is premised on the fact that resources move and flow from poorer countries, referred to as the periphery, to rich countries that are referred to as the core – this flow of resources enrich the core, while impoverishing the periphery.

It is clear that there are multifarious definitions of dependency. However, all the definitions share three common features or characteristics. Firstly, dependency is an international system that is made up of two types of states. The states are dominant/ dependent, core/periphery or metropolitan/satellite. The core states are rich and industrialised states in the Organization of Economic Cooperation and Development (OECD). The periphery states are countries in Latin America, Africa and Asia. These countries are characterised by low per capita Gross National Products (GNPs) and are reliant on a single commodity to earn foreign exchange.

Feraro (1996) notes that the definitions of dependency recognise that exogenous forces are of paramount importance to the economic activities that are conducted within dependent countries. These exogenous forces include transnational corporations, donor aid, world markets, communications and any other means by which the advanced industrialised countries can represent their economic interests abroad. Moreover, all the definitions of dependency indicate that the relations between dominant and dependent states are dynamic because the interactions between the two sets of states tend to not only reinforce but intensify the unequal patterns. Moreover, dependency is a very deep-seated historical process, rooted in the internationalisation of capitalism. Dependency, according to Feraro (1966) is an ongoing process.

As tendered above, dependency rose as a reaction to modernisation theory that has argued that all countries move along the same path of development, that the underdevelopment in poorer countries reflects the same stages that industrialised states were once in. Therefore the idea of modernisation theory was to help poorer countries out of their poverty and quagmire and put them on the pedestal of economic growth and development; following a similar path travelled by developed countries, by providing them with investment, technology, skilled human capital base, and deliberate technology transfer in order to bring them in sync with world markets. Dependency theorists reject relentlessly this skewed and misguided view by arguing that poorer countries are not in a situation that developed countries were once in – poorer countries have unique features and structures of their own that makes applicability of the linear trajectory development not only impossible, but also questionable.

Literature on dependency theory suggests that richer nations are able to control the periphery or poorer nations and make them dependent on them forever. This they achieve by using a variety of means and paraphernalias such as political and economic interventions. In the epoch of the 1950s that coincided with the emergence of the dependency theory colonisation was still in place and served as means of politically controlling poor nations. With poorer nations in Africa and the world over under the control of wealthy nations, dependency has been heavily entrenched, and the flow of resources to richer nations has continued unperturbed. Economic strategies that have been used to control poorer nations include the modelling of poorer nations as extractive centres by colonists.

One of the main ideas of the dependency theory is that developed countries benefit heavily from resources of poorer nations. This enables the richer countries to sustain higher standards of living. Rodney (1972) argues that colonisation was not only about exploitation but also about repatriating profits to the home land. The war of liberations that were fought in Africa patronise the idea that richer countries wanted to continue having a hold on poorer countries. Any attempt to disturb the unequal relationship that sees poorer country as providers of resources to richer countries is met by attempts to counter the resistance. The richer countries always rely on their superlative military power to maintain the status quo; that is the unequal integration of the poorer countries in the world system. In this current dispensation richer countries tend to rely on the media, donor aid and educational systems to maintain control and hegemony over poorer countries.

UNPACKING DONOR AID

A plethora of scholars have proffered different definitions of donor aid. Easterly (2006) defines foreign aid as the "unforced transfer of resources from one country to another with the aim of benefitting the country receiving the aid." Ajayi (2000), in defining foreign aid, adds that it is the kind of help offered by the government or financial institution to countries that are compounded by difficulties. The help offered can be in the form of cash or kind. Tadaro (2003) defines aid as a flow of capital from developed countries to less-developed countries. As this is a donation, it is expected that the donor should not accrue commercial benefits from the donation. Donor aid is usually bilaterally administered, meaning that aid flows either from government to government or from donor agency in the form of project aid, commodity or humanitarian assistance. (Moyo 2009; Rajan 2008)

Gukumure (2012) identifies multifarious functions of aid; amongst them is the reward for affirmative behaviour, desirable by the donor, as well as development of infrastructure. Aid given for development, especially for curtailing poverty, is the most common type of aid. However, foreign aid serves three functions – that is economic, political and humanitarian functions. These three domains are inseparable and mutually dependant. The general belief is that aid fosters development in the recipient country.

The stated goals of foreign aid is rather a large one to end extreme poverty in world. Individuals such as Sachs believe that these goals can be achieved in our generation, through the disbursing of foreign aid to developing countries. Evidence in superfluity suggests that aid does not foster development, and as such a plethora of scholars do not regard it as the necessary intervention to alleviating poverty. However, successes such as increase in adult literacy have been achieved through foreign aid. Therefore, when foreign aid goals are compared with achievement the result is disappointing.

Carlson, Somolekae and van de Walle (2000) measure the effectiveness of aid on two fronts – the first one being the ability of the project to achieve its goals and objectives. However, the more important one that is relevant to this study is how sustainable aid is – that is the ability of the project to realise positive benefits over an extended period after external resources are no longer available, or considerably reduced. It is therefore, a misnomer to talk about aid without reference to sustainability.

The transfer of resources from rich and highly industrialised countries to mainly poorer countries experiencing macro-economic challenges can be traced to the post-Second World War reconstruction era. The unrivalled success of the Marshall Plan, where resources from the United States of America were provided to war-torn Europe has hitherto, convinced leaders that a similar transfer will replicate the same success in poverty-stricken Third world countries. Gukumure (2012) points that a massive US$17.5 billion was transferred to Western Europe countries to rehabilitate an economy decimated by the effects of the Second World War. The aid phenomenon is an extension of the modernization thrust that is inherent in the Marshall Plan. Since the Marshall Plan was rolled out, aid has become a permanent feature in the development discourse and practice (Todaro 1977).

Aruko and Arowolo (2010) argue that aid reached its zenith in the 1950s during the era of the Cold War, pitting the United States of America and the Soviet Union. The two protagonists used aid as a paraphernalia to lure sympathisers. Therefore, aid was used as an instrument for strengthening and expanding influence and power of the two states in order to achieve their goals. As such, there is nothing sinister in questioning the altruism of foreign donors. Aid can be given for strategic reasons, as it happened during the Cold War era.

In Zimbabwe, the history of aid can be traced back to 1981, when the country held the Zimbabwe Conference on Development and Reconstruction (ZIMCORD). The conference made a clarion call and passionate plea to donor countries for resources to rebuild and develop a war-ravaged country. Ever since that conference, donors have become permanent players in the development of the country, criss-crossing the rural landscape and urban terrain of Zimbabwe (Mabutho and Mpamhadzi 2013)

In locating why aid has failed in other parts of the world Moyo (2009), recognises dependency as the chief reason. African governments create dependency by viewing aid as continuous, permanent and reliable, and in the process neglecting proper planning in the event that aid is cut. European governments are also to blame; for while pretending to help African by debt forgiveness, they reinforce the idea that aid can be permanent. In such a scenario Africa will remain caught in the circle of dependency.

DISCUSSION OF DEPENDENCY THEORY AND DONOR AID

Matunhu (2011) argues that the expansion of Europe into Africa facilitated a conducive environment for siphoning resources from Africa to Europe. Idiosyncratically, Europeans used military force through colonisation to entrench their control over Africa. Furthermore Matunhu (2011) reiterates that Africa was and continues to be dominated economically and politically by external centres of power. Most noticeable here is the economic, political and cultural dependence of the continent on America and Europe. Blatantly, donor aid continues to be used as paraphernalia for enforcing control over Africa by western countries. Countries that resist the western control are coerced into submission by threats that they will not receive donor aid from western powers. Countries such as Malawi for instance, have been implicitly coerced into accepting homosexuality by being threatened that support in the form of huge budgets from USA and other funders will be withdrawn if homosexuality is outlawed. Therefore, donor aid has been used as an impeccable tool of control over poorer countries by wealthy nations.

In 2000, Zimbabwe embarked on the Fast Track Land Resettlement Programme (FTLRP), an exercise that was viewed by the European Union as unconstitutional and uncalled for. The European Union, with Britain at the fore-front, unequivocally resorted to withdrawing donor aid as a tool to ensure that the country abandon land reform programme. Donor assistance and support heavily truncated from an annual average of US$138 million in the 1990s to US$39.9 million between 2000 and 2006 (Kabonga 2015). Consequently, The Danish International Development Agency (DANIDA) and the Canadian International Development Agency (CIDA) pulled out their aid in 2001 and 2003, terminating projects that were running and retrenching the human resource that was attached to projects (Gara 2009). It is not rhetoric to argue that donor aid has strong affinity with dependency as it is being used as a modern paraphernalia to ensure that Africans serve the needs of the wealthy nations. Unambiguously, there is plausibility in the argument that donor aid is being used to subjugate Africans and perpetuate the privileged position of wealthy nations. Those that dare threaten the interests of wealthy nations are reciprocally threatened that aid will be withdrawn.

There is credibility in the argument of Matunhu (2011) that Africa is still politically, economically and socially dependent on Europe and America – given the staggering amount of money that is being transferred into Africa as donor aid. The flow of aid to Africa rose upwards from US$6 billion in the 1960s to about US$46 billion in 2011 (Kabonga 2015). Organization for Economic Cooperation and Development (OECD) (2011) notes that Africa received the largest share of the Official Development Assistance amounting to US$28 billion. It clear from this that most African countries are reliant on donor aid – for instance, countries such as Malawi, Nigeria, Tanzania and Rwanda have half of their budgets supported by donor aid.

It has also emerged in a study that was conducted by Kabonga (2015) entitled, *The Impact of Donor Aid on Social Economic Development in Chegutu district (Zimbabwe)*, that donor aid creates dependency. Donor aid in Chegutu district is antithetical to sustainability. A quantum of projects being patronised by donor aid are perpetuating dependency. The feeding scheme in Chegetu district epitomises dependency that is being created by donor aid heavily depends on the continued availability of foodstuffs from the donor country; and it is clear that the activity will cease once exogenous support ceases. The refurbishment of schools is one other project that is being spearheaded by donor aid. The project has insignias and innuendos of dependency. Given the lack of funds to kick-start infrastructural projects, schools would not be able to start developmental projects on their own. Though repairing derelict buildings is commendable, capacitating schools to be able to repair infrastructure on their own is more sustainable in the long run. It is not romanticising to insinuate that donor aid is marred by lack of sustainability. Sustainability is only used as a rhetoric to justify the giving of aid, that in end benefits the benefactor as opposed to the recipients.

The dependency on donor aid has become so pervasive to an extent that communities and villages are always clamouring for social aid. The community leaders in Chegutu district (Zimbabwe) have become so dependent on donor aid that they perceive that all problems bedevilling the district require donor intervention. The period 2007 to 2009, when Zimbabwe experienced economic challenges, saw NGOs through donor aid, taking over government responsibilities of providing social services such as education, health and nutrition. Unaware of the roles of NGOs, the communities tend to think that all the problems must be solved by donor aid (Kabonga 2015).

The unabated flow of resources from poorer countries has blatantly enriched the wealthy nations through conditions tied to aid and the hiring of expatriates. The process has dialectically impoverished the poorer nations even more (Rodney 1972). It is not romanticising to argue that the wealthy nations have built their cities from the resources of poorer nations. Industries in the wealthy nations have historically, and even in this epoch, depended on raw materials from poorer nations. Concisely, the flow of resources to First World Countries has only benefitted the core at the expense of the periphery. The flow of staggering amounts in donor aid to poor countries paradoxically has benefitted dominant countries than dependent countries. As tendered before, a plethora of African countries have their budgets dependent on Official Development Assistance from richer countries – paradoxically, the aid has benefitted the richer country than the recipient country. Though an enigma, this is the reality on ground. It is clear that donor aid in multifarious way is the quintessence of dependency.

Evidence in superfluity; both in theory and practice, tend to agree on how aid has benefitted the countries that give aid than those that receive aid, given the stringent conditionalities (Stevenson 2006). An impeccable example of this fact is Zimbabwe, when in 2005 USAID gave US$15 billion in aid to the former, for a period of over five years to combat HIV and AIDS; through its Presidential Emergency Plan for AIDS Relief (PEPFAR). The money had ineffable strings and conditionalities attached to it (see Gukumure 2012). NGOs as purveyors of donor aid, have been lambasted for hiring expatriates who are paid staggering amounts of salaries. In this manner the aid flows back to the richer countries. In some instances the strings that come with donor aid include the condition that recipients buy goods and services from the givers of aid. Moyo (2009) concludes that such aid is tied-tied to procurement.

Donor aid has a number of challenges and effects. Evidence from literature and what happens in practice have shown that donor aid has never been immune to severe criticism. Abuzeid (2009) argues that the influx of massive amounts of foreign aid have deleterious effects on the governments of the receiving countries, and can end up doing more harm than good in several circumstances. Clearly, Abuzeid (2009) does not have confidence in donor aid in the sense that in some instances donor aid can bring more harm than good. Arguments that regard donor aid as a panacea for African development warrant inspection and scrutiny.

Donor aid, while intended to benefit the generality of the people in the poorer states, has at times fallen prey to corruption and been diverted to serve the insatiable desires of rogue individuals. A whopping US$33 billion that was extended to The Philippines between 1966 to 1986, to decimate poverty during the rule of President Marcos, was diverted to the president's foreign bank. As a result, levels of poverty were exacerbated during the rule of President Marcos (Lohani 2004). It is thus, preposterous to consider all aid as beneficial to poorer countries, as there are a lot of issues that need to be considered.

According to Nazneen (1993), aid from Western countries has resulted in the imposition of ethnocentric solutions to local challenges. Aid resources have been dwindling rapidly, and the stampede for aid results subsequently from countries listening to advisors from the North, who inherently lack appreciation of local problems. The mere fact that Third World countries are in need of aid compels them to listen to the advisors. Nazneen (1993) further submits that advisors are without doubt products of their own experiences and environments – no doubt some bad advice has been tendered by some culturally unaware and incompetent people. This however becomes antithetical and antagonistic to sustainable development.

Donor aid should not be considered as a panacea for the underdevelopment that has become a permanent feature of most Third World countries. Instead of considering it as a solution to the ever spiralling levels of poverty, donor aid should be considered a problem – as it is famed for its colonial and neo-colonial culture of dependency. Instead of appreciating local solutions to local problems, donor aid encourages dependency on flimsy imported ideas. It is not over-ambitious to argue that donor aid stifles creativity within communities and erodes the self-confidence of the community.

DONOR AID CAUSING "DEVELOPMENT OF UNDERDEVELOPMENT"

Donor aid is given because of economic interest of the donor country. The main thrust of the argument is that aid promotes employment and exports in the donor country. Therefore, if aid promotes export and employment in the donor country there is rationality in giving aid. This explains why the United States is unrivalled in aid giving. According to scholars, US producers of food grains benefit from the assistance, workers in the maritime industry gains from cargo preference provision, and the US engineering firms gain from contracts associated with infrastructure development projects. Technical expertise in the development of grain milling and processing industry in the poorer country remarkably spearhead demand for food and feed grain from the donor country. A quantum of scholars have argued that aid leads to the economic growth of poorer countries; which in turn results in demand of the developed countries' goods and services. Therefore there is every reason to continue giving aid to struggling, poorer countries

One of most preeminent concepts in the dependency discourse is what is known as the "development of underdevelopment." The concept of the development of underdevelopment is premised on the argument that the current underdevelopment, pervasive throughout the world today, is a historical product of the past and continuing economic and other relations between the under-developed periphery and the more developed core countries. Currently, donor aid has become a tool and a paraphernalia for the development of underdevelopment in Third world countries in that it is riddled with multifarious and poignant strings and conditionalities. Moreover, aid has created more demand for services and goods and employment in richer countries than in poorer countries. One can appreciate that aid is a paraphernalia for the development of underdevelopment. The quagmire position of African and other poorer countries will intensify as long as African states continue to receive skewed aid from richer countries.

CONCLUSION

This article has interrogated the affinity between donor aid and dependency. To argue that dependency theory has become redundant and has lost its flare is myopic and preposterous in a number of ways: Firstly, donor aid is the embodiment of the dependency that exists between the richer and poorer countries. The unabated flow of resources from the periphery to the core countries has enriched the core, dialectically impoverishing the periphery. In the same manner, the flow of donor aid from richer countries to the poorer countries paradoxically has enriched the richer countries, further condemning poorer countries to scathing poverty. Aid has created a situation where Third World countries have become dependent on donors as solution bearers to multifarious problems compounding them. Aid has become a tool for the development of underdevelopment; for it is creating more employment and demand for services and goods in the core countries than in the periphery.

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