

Minding the gaps: statecraft, policy legitimimation and Australian aid



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Rationale and outline

Statecraft's ubiquity in foreign policy and development framing:

- *Australia in the World* podcast's "word of the year" in 2022
- Bipartisanship – Morrison and Albanese govts.
- *2023 International Development Policy*
- "Aid industry" – ACFID and IDCC
- Government funded think tanks and research projects – AP4D, DevIntel Lab, University of Adelaide

"Influence" and Australia's aid:

- FM Wong, 'Australian interests in a regional balance of power', National Press Club, April 2023
- DevIntel Lab, 'Is influence the unspoken performance indicator for Australian aid?', July 2023
- Longer history of scholarship on the relationship between aid and wider foreign policy goals (influence/conditionality)

Outline

I. Statecraft as "policy legitimation"

II. The gaps:

- a. The definition gap
- b. The history gap
- c. The China gap
- d. The collective action gap
- e. The public opinion gap

III. Implications and alternatives



“Statecraft” as policy legitimization

The politics of aid legitimization

- “...largely an elite game played by bureaucrats, politicians, key lobbyists, and intellectuals” (Corbett 2017, p. 5)
- No broad-based domestic constituency for aid, unlike health, education, NDIS, defence etc.
- No direct accountability to beneficiaries (i.e., poor people in developing countries)

Different legitimacy claims

- “Policy legitimacy” = relationship between aid and Australia’s place in the world
e.g., poverty reduction and sustainable development in Australia’s national interest (1997-2020)
- “Technical legitimacy” = aid’s effectiveness, efficiency and impact
e.g., debates around “best practice”, MERL, locally-led development etc.
- “Administrative legitimacy” = aid’s bureaucratic arrangements & serving the Minister
e.g., aid agency “autonomy” vs “integration”



The definition gap: statecraft as strategic ambiguity?

Statecraft as policy coordination/integration?

- Questions of policy goals and trade-offs, including in relation to aid and development

Statecraft as “order-building”?

- Means vs ends – getting from “aid” to “development” to “international order”?

Statecraft as the use of power/positionality?

- Normative objections when it comes to aid, which is also supposed to be about “transforming” power relations
- Aid as a “tool” of power/statecraft, but not an “instrument” of power/statecraft?
- Aid as “soft power”?

Statecraft as “influence”?

- Use of economic *inducements* (“carrots”; aid, trade, investment) and *coercion* (“sticks”; sanctions, tariffs) to shape behaviour:
 - “...*modifying or otherwise having an impact upon another actor’s preferences or behaviour in favour of one’s own aim*” (Goh 2014)
- But “not transactional”!

The history gap: US aid and statecraft during the Cold War

Qualitative studies

- US foreign policy toward the **global South under Kennedy/Johnson administrations** (JFK's "decade of development") (Rakove, 2012)
 - Attempts to use aid as a carrot/stick with non-aligned leaders such as Sukarno (Indonesia), Nehru (India) and Nkrumah (Ghana) not consistent with these leaders' domestic incentives and led to US domestic elite disillusionment with aid by the mid-1960s and funding cuts by the Congress: *"increasingly poorly funded, [aid] faded as the serious political initiative that Truman, Eisenhower and Kennedy had envisioned"*
- **US aid to Egypt/Israel** in the 1970s (Clarke, 1997; Lee, 2012):
 - both countries actively resisted conditions placed on US aid, whether in terms of attempts to link aid to governance reforms (Egypt) or to prevent immigration programs being used as a vehicle for territorial expansion (Israel)
- The Cold War and **global aid** (Lorenzini, 2019):
 - aid simultaneously dashed the (misplaced) hopes of those who believed it could secure alliances, result in more politically stable societies, and/or redeem colonial legacies and injustices; *"politically and intellectually, aid was one of the greatest disappointments of the twentieth century, because it could never accomplish the many diverse goals all the different actors hoped for"*

Quantitative studies

- Reagan administration's **attempt to link US aid to recipient UNGA voting patterns** during the mid-1980s (Kegley & Hook, 1991):
 - *"absence of an empirical association between aid and voting coincidence [i.e., voting with the US] before and after the enactment of the 1986 linkage strategy"*
 - *"for many recipients of US assistance, the costs of deference to a powerful donor presumably exceeded the benefits"*
- **Large *n* studies** of US attempts to link Cold War aid to recipient policy concessions (Bueno de Mesquita & Smith, 2007):
 - the amount of influence that donors can "purchase" using aid is mediated by **calculations of political survival and domestic political institutions within recipient countries**
 - countries with **small "selectorates" (i.e., autocracies)** are usually more easily influenced than those with larger ones (i.e., democracies)

The China gap: PRC's mixed record on aid and “influence”

Issues

- **The question of intentionality:** multiple motivations for China's aid, including domestic stability, absorption of overcapacity and geopolitical goals
- **Multiple (and sometimes competing) domestic actors** involved in China's development finance and lack of transparency
- **Is it effective?**
 - *“...too much of the literature on Chinese economic statecraft and geoeconomics assumes that China is always and everywhere able to (or likely to be able to) effectively leverage its economic power and tools into outcomes that align with Chinese interests”* (Merchen & Mattlin, 2023).

Case studies

- **Cambodia, the Philippines and (pre-coup) Myanmar:** China's influence is mediated through domestic political institutions and is less effective in “higher public accountability environments” (Wong 2020)
- **China in the Pacific:** pushback against a regional economic and security agreement in 2022; may reflect lack of “social license” with Pacific civil society and NGOs (Zhang 2022)
- China's aid and influence in autocratic and fragile and conflict-affected states:
 - **North Korea:** *“growing investments and diminishing returns”* (Frohman et. al. 2022)
 - **Pakistan:** *“[China's] centralising visions could not be simply imposed on a receptive (or captive) periphery but [has] required difficult negotiations with local interests”* (Abb 2022)

Unintended influence effects of debt?

- Domestic backlash to BRI debt in countries such as **Sri Lanka and Malaysia** (Park 2024)
- Debt crises in **Africa:** *“the indebtedness generated by BRI loans coupled with their emphasis on facilitating infrastructural changes for outflow of primary commodities has raised memories of colonialism for many African observers”* (Carmody & Wainwright 2022)

The collective action gap: statecraft and global public goods

Global public goods, multilateralism and the limits of statecraft

- In contemporary global development, debates around the pooling of public finance (aid) and different forms of international cooperation to help better supply global public goods have focused on addressing collective action problems relating to **climate change, biodiversity loss, and global public health** (Evans and Davies, 2015).
- Attempts to solve collective action problems in international politics usually take the form of multilateral institutions which can:
 - 1) provide **information and assurance** that other states will help meet the costs of such public goods;
 - 2) supply at least **modest inducements and sanctions** – whether material or reputational – to make these promises more credible; and
 - 3) over time, create expectations and norms of “**diffuse reciprocity**” (Ruggie 1992)
- Statecraft’s emphasis on maximising states’ influence vis-a-vis competitors **suggests a continuing undersupply of such global public goods**, even in cases where a pooling of resources would provide a long-term absolute benefit, as in the case of climate change. Indeed, **statecraft is likely to exacerbate rather than ameliorate collective action problems in global development.**

Specific gaps

- Prioritisation: the statecraft lens provides **no framework for adjudicating between investment in different global public goods**; the adjudication of these choices requires a theory of how states should prioritise collective goals under both “ideal” and “non-ideal” conditions (Pattison & Glanville 2024)
- Fragmentation: to the extent that **multilateral aid becomes a vehicle for state competition**, this leads to a fragmentation of effort – the proliferation of international agencies/organisations/institutions with overlapping areas of specialisation, mandates, and memberships. This results in an **inefficient supply of global public goods**; e.g., China’s Belt and Road Initiative & Asian Infrastructure Investment Bank, the OECD’s Blue Dot Network, the BRICS New Development Bank, the EU’s Global Gateway, and the G7’s Partnership for Global Infrastructure and Investment.

Australian aid case studies

- Prioritisation: **Australia’s climate change aid** and the problem of “additionality”
- Fragmentation: **Australia’s COVID aid** and under-investment in global vaccine and cost-sharing mechanisms (e.g., COVAX) relative to less efficient regional mechanisms (e.g., the Quad)

The public opinion gap: can “statecraft” motivate support for aid?

Aid outside “the bubble”

The problem of democratic legitimacy

- While aid is an “elite game”, it does rely on at least a level of public support, or at least public indifference, for its continued existence/growth; not guaranteed in the current post-COVID populist era (e.g., US, Germany, Netherlands etc.)
- And there remains the challenge of building public support if aid is to be resilient to regular calls for cuts in service of other priorities

What motivates public support?

- Mix of ideology/education/demographic/material factors (Milner & Tingley, 2013)
- Not clear that abstract, impersonal and elite policy frameworks such as “statecraft” and “stability” are effective ways to motivate a “whole of society” buy-in on development
- Societal actors in decentralised and plural systems more likely to be motivated by issue-based concerns (health, climate change, famine etc.) or geographic concerns (diaspora)

Australian aid in public opinion surveys

- Australian public support for aid highest in the last decade during the COVID crisis and has declined since (even though the China factor has remained); suggests that less abstract concerns (health; climate) likely to be more motivating than geopolitics/statecraft
- *“...most Australians think the purpose of Australian aid should be helping people in poor countries, not bringing benefits to Australia”* (Wood 2018)
- *“Knowledge of Chinese competition changes support for aid, but it does not increase support for using aid as a tool of geostrategy”* (Wood et. al. 2020)
- *“Elite appeals to the national interest are not strongly reflected in [Australian] public preferences [on foreign aid]”* (Chubb & McAllister 2023)

Implications and alternatives

Australian aid: neither influence nor impact?

Donors' publicly claiming influence as a primary indicator of aid performance **cuts against the political survival imperatives of aid recipients** who have to demonstrate to domestic constituencies that they are not beholden to/influenced by foreign powers

- Also risks **making aid accountable for delivering on unstated/unclear objectives** that it cannot deliver, except in highly aid-dependent states

At the same time as Australia's aid has become more focused on influence, it has **dismantled many of the structures that enable it to articulate, assess, measure and demonstrate development impacts**, including opportunity costs, in a systematic and robust way

- May invite further **public scepticism and cynicism** toward Australian aid

Alternative/supplementary frameworks

Development impact = national interests (various Australian governments, 1990s-2020)

- UK Labour government's aid objective: *"to create a world free from poverty, on a liveable planet"* (2024)

Australian aid as an expression of **"constructive internationalism"** (Wong, pre-2021) and **"progressive realism"** focused on *redistributing* existing configurations of power through a focus on "sustainable wealth creation, basic needs, fair representation, and mechanisms of inclusion" (Bisley et al. 2022)

"Problem-solving" approaches? (Carr 2024)

- "In recent years, the literature on both business and strategy has begun to argue for an alternate "problem-based" approach which shifts our focus from **things we want to do and towards things that most significantly impede our welfare**".

"Mission-driven" approaches? (Honig 2024)

- Work with partners on a **set clear, achievable and measurable set of long-term development "missions"** and give DFAT the autonomy, capability and resources to achieve them (e.g., MDR TB in PNG, schooling in the Pacific, climate transition in Indonesia)

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