Cheques and (power) balances: aid in a post-liberal world

by Cameron Hill

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Former US President John F. Kennedy Speaks at the 1963 Annual Meeting of Board of Governors of the International Monetary Fund
Photo Credit: Abbie Rowe/John F. Kennedy Presidential Library and Museum

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As the new administration of United States President Donald Trump was welcoming one member of the storied Kennedy clan into its Cabinet, it was chaotically dismantling the legacy of another. Robert F. Kennedy Jr., a well-known vaccine sceptic and conspiracy theorist, was sworn in as Trump's new Secretary of Health and Human Services on 13 February. On the following day, global health experts and advocates were escalating their warnings that the Trump administration's freeze on virtually all foreign aid programs, including those delivered through the US Agency for International Development (USAID), and the furloughing of thousands of USAID staff threatened global progress in fighting diseases like tuberculosis and HIV/AIDS.

USAID was created by President John F. Kennedy and the Congress as part of the 1961 *Foreign Assistance Act*. Until Trump's attempt to abolish it in all but name over the last several weeks, USAID and America's wider foreign aid efforts had been praised by JFK's presidential successors and US lawmakers, both Republican and Democrat, as a critical element of US foreign policy and its global leadership of the "liberal, rules-based order" for over six decades. That praise had, up until recently, repeatedly been echoed by Trump's own Secretary of State, Marco Rubio. By contrast, Trump has described USAID as an organisation "run by radical lunatics" and his key advisor, billionaire Elon Musk, has labelled it a "criminal organisation".

But the assault on aid did not begin with Trump 2.0. Nor is it confined to the US. The pressures on foreign aid have emanated from multiple sides of the political spectrum. The left has escalated its critique of the West's failure to develop a compelling vision and requisite finance to respond to issues like climate change and

crippling debt, as well as the wider shortcomings of an alleged “neo-colonial aid industrial complex”. On the right, defence hawks in the US and other donor countries have intensified the pressure on governments to use more and more scarce aid funding to lure recipient country elites away from China, while anti-immigrant populist movements have continued to facilitate the spread of disinformation about the “woke” excesses of aid. The ascendancy of these latter movements is reflected in decisions by big European donors like Germany, France and the Netherlands to slash their own aid spending, and by the European Union to re-orient a big portion of its aid toward curbing “irregular migration”. All of this was in motion well before Trump’s return to the White House.

These trends are just one part of the wider fracturing of the liberal global order that was built during the Cold War under US leadership and reached its zenith in the 1990s and 2000s. Alongside freer trade and investment, human rights and the spread of democracy, aid — and the specialised bilateral and multilateral development agencies that supported its delivery — were seen as part of a universal, liberal order designed to deliver on the promise of economic growth, poverty reduction and sustainable development in the global South. Technocratic global blueprints like the UN Millennium Development Goals, adopted in 2001 and updated in 2015 to the Sustainable Development Goals, and the G8’s 2005 Gleneagles Agreement, which promised billions in debt relief and a doubling of aid to Africa, were portrayed as part of a new deal between developed and developing countries that would facilitate increased development finance in return for improved governance and economic openness. Aid agencies like the UK’s Department for International Development, which was abolished by Boris Johnson in 2020, gained global prominence as centres of intellectual leadership on development effectiveness, “thinking and working politically”, and the role of aid in so-called “fragile states”.

The international and domestic political ruptures that have accompanied the 2007-09 Global Financial Crisis, China’s challenge to Western development models, the global misery and disruption caused by COVID-19 pandemic, the 2022 invasion of Ukraine by Russia, and the continued advance of populist far-right movements in the West are among the factors that have seen this order fragment, its aid promises left largely unkept. The UK has recently announced a 40% cut to aid in 2027 to pay for increased defence spending.

So, what might the end of the US-led liberal order mean for global humanitarian and development aid? First, at least in the short-term, we are likely to see a tragic escalation in the already very high global tolerance for large-scale human suffering

and death. The US provides over one-third of the world's humanitarian assistance and almost half of the global health aid provided by bilateral donors. The accounts emanating from Africa, Asia and Latin America of the human impacts of the US aid freeze have been devastating. Yet, despite these accounts, there is little sign to date that Australia or other Western donors are prepared to even partially fill the enormous funding gaps that would accompany a permanent US aid retrenchment. It is unlikely that China would be willing to take on these costs — from a geostrategic perspective, Beijing might well be content to account for a larger share of a smaller aid pie.

Second, we are likely to see an even greater undersupply of "global public goods" as a result of reduced investment to combat and to share the costs of meeting shared global challenges like pandemics and climate change. Much of this investment is delivered through multilateral institutions like the World Bank, the World Health Organization (WHO) and the Green Climate Fund for which the US has been a major funder. The mission of these organisations runs directly counter to the "America First" ethos of the Trump movement and its ideological brethren in Europe. Trump has already committed to withdraw from the Paris Agreement on climate change and from the WHO, and other developed countries could follow.

Third, rather than reforms to improve aid's impact in reducing poverty, we are likely to see donor countries further increase the use of aid for the things that its US defenders are desperately spotlighting: shoring up geo-political alliances, helping to achieve other transactional foreign policy goals or, at best, responding to emergencies. As experience from the Cold War suggests, predatory elites in some developing countries will be adept at exploiting this to buttress their own power whilst avoiding the economic and political reforms necessary to advance growth and human development. This will have the effect of further undermining aid effectiveness and could further heighten public cynicism toward aid among donor publics.

Finally, we may well see private sector and philanthropic sources of funding come to play a bigger role in global aid, at least relative to that provided by governments, if not in absolute terms. However, the ability of this finance to match ODA's long-term role in supporting the delivery of basic services in the world's poorest and most crisis-prone countries will be tested. Earlier promises that public aid budgets would leverage much larger amounts of private investment in developing countries — the so-called "billions to trillions" claim — have been found wanting.

Australia, more so than many other wealthy countries, has shirked its fair share of

global aid for at least a decade whilst ritually professing the virtues of the order that this aid helps support. In doing so, we have free-ridden on the billions that the US spends annually on multilateral aid, investments in global health, and assistance to crisis-prone countries around the world. Having taken America's aid for granted for so long, we will certainly notice if it is gone.

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