

# Developmentally speaking: Wen and Obama



by Stephen Howes

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The [official communiqué](#) from the [2010 UN Millenium Development Goal \(MDG\) Summit](#) held at the end of September is a long cut-and-paste. But these summits are of interest for their inputs, not just their outcomes. In particular, they are one of the few fora where national leaders turn their mind not only to development in general but to foreign aid in particular.

In what follows, I briefly cover speeches made to the New York Summit by the Chinese Premier Wen Jiabao and US President Obama. In a follow-up [post](#), I look at the words of UK Deputy Prime Minister Nick Clegg and our own Foreign Minister, Kevin Rudd.

We don't have good data on China's aid, but the best and latest we have suggests that China is still a pretty small donor, with an aid program about the size of Australia's. All indications are that it is not a particularly effective program. However, in terms of building goodwill, China surely gets better returns than any other donor.

Premier Wen used [his speech](#) to further enhance China's reputation as a friendly, practical donor which gets things done. He announced 30 new agricultural technology centres, 10,000 more scholarships over 5 years, cancellation of interest-free loans for least developed countries, and 100 small-scale energy projects. The Premier's announcement of a new trust fund for the UN's Food and Agriculture Organization, and his declaration elsewhere at the Summit of support for the Global Fund signals China's greater engagement with multilateral aid organisations, which has to be a good thing.

[President Obama's speech](#) could not have been more different.

Admirably devoid of any 'announcables', the President's speech went back to first principles, and was mainly dedicated to the release of the new US Global Development Policy. This alone makes the speech a must-read, not only because this policy is apparently the first of its kind, but because it's secret, so most of what we know about it is what the President told us.

The clearest single message of the speech, and presumably the new policy, is that

the US will 'focus our development efforts on countries...that promote good governance and democracy'.

This is a pretty strong statement. But after a decade in which the focus of aid has shifted to fragile and dangerous states, it is also one which is hard to take at face value. The fastest growth in US aid over the last decade was to Iraq and Afghanistan. Both countries were getting virtually nothing from the US in 2000, but Afghanistan got US\$2.1 billion in 2008 and Iraq US\$2.7 billion. Admittedly, this increase was under President Bush, but it is unlikely the aid priority these two countries receive is going to fade.

More generally, President Obama's speech is full of the sort of the rhetoric and inflated expectations which, in my view, does great damage to the aid project, and to which the US is particularly prone. US aid will, according to President Obama, promote broad-based economic growth, fight corruption and promote democracy, invest in education and health, leverage policy reforms, and unleash transformational change. And, oh yes, it will be selective, and respond to the priorities of partner countries.

The US aid scene is deeply dysfunctional. The US has no less than three aid agencies, and any number of other departments involved in delivering the aid program. Little progress can be made without co-operation from Congress. Unless there is more to it than the President revealed, it is hard to see how the new Global Development Policy will really make a difference.

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