MINISTRY FOR FOREIGN AFFAIRS

IS SWEDISH AID RATIONAL?

A Critical Study of Swedish Aid Policy in the Period 1968-1993

Ds 1994:75

Report 2

SASDA

Secretariat for Analysis of
Swedish Development Assistance

SASDA

The Secretariat for Analysis of Swedish Development Assistance

The Swedish government has appointed a committee with the task of analysing the results and effectiveness of Swedish development aid. A special Secretariat, SASDA, was set up on 1 March 1993 to carry out the work.

The Secretariat will work until the end of 1994 and will have as its main task to propose to Government suitable mechanisms for evaluations and policy analyses of Swedish aid. In its work SASDA will give priority to carrying out a set of of selected studies world-wide, at country, sector and subject level and to studies of individual organisations to provide a basis for decisions on development co-operation in the future and to gain experience on how policy evaluations should be carried out. A major study concerns Sweden's co-operation with Central and Eastern Europe.

SASDA's point of departure is the aim of a better understanding of the mechanisms of development in order to enhance the results and increase the effectiveness of aid in achieving the five goals set by the Swedish parliament: increased resources, economic and social equality, economic and political independence, the democratic development of society, and the long-term management of natural resources and care of the environment.

The studies and analyses will be managed partly by the Secretariat's own staff and will include studies commissioned from different specialists in the committee's areas of priority.

The staff are :

Ambassador Claes Sandgren	Head of the Secretariat
Dr Olle Edqvist	Senior Policy Analyst
Mr Enrique Ganuza	Senior Policy Analyst
Mr Per Johan Svenningsson	Senior Policy Analyst
Ms Kerstin Sandling	Assistant Secretary

Postal address:	SASDA P.O. Box 16418 S-103 27 STOCKHOLM
Telephone:	+46-8 791 21 80
Telefax:	+46-8-791 21 88
Visiting address:	Klarabergsgatan 23, Stockholm

FOREWORD

Sweden's official development assistance (ODA) has ranked for more than ten years as one of the highest amongst OECD members in relation to GDP. Swedish ODA has assumed considerable proportions and gained more than 30 years of experience. But is Swedish aid rational?

Professor Helge Hveem and Dr. Desmond McNeill, Centre for Development and the Environment at the University of Oslo, have analysed the Swedish annual White Papers, where development cooperation policy is discussed every year, and have interviewed a dozen key individuals who have played, or now play, a central role in Swedish aid policy.

They trace the history of Swedish development cooperation from its origins to the present and investigate how Swedish aid policy has been influenced by both domestic and international ideas about development.

Hveem and McNeill identify key issues which have especially been the subject of debate. Aid has historically enjoyed support from a range of different groups, with different motives and with varying views about underdevelopment. They conclude that the compromises that have been found necessary to achieve consensus have often resulted in policy that is far from rational. But how, more concretely, might Swedish aid policy analysis be improved?

The study has been commissioned by the Secretariat for Analysis of Swedish Development Assistance (SASDA). The opinions and conclusions of the authors of the report are their own.

Stockholm, May 1994.

Ingemar Mundebo
Chairman

SASDA

MEMBERS OF THE COMMITTEE

Ingemar Mundebo, Chairman

Sigvard Bahrke

Mårten Carlsson

Gudrun Dahl

Johan Gärde

Benny Hjern

Sven Holmberg

Marie Horn af Rantzien

Bo Karlström

Britt-Marie Mattsson

Torbjörn Pettersson

Kristina Svensson

Is Swedish Aid Rational? A Critical Study of Swedish Aid Policy in the Period 1968 - 1993

Helge Hveem and Desmond McNeill

Centre for Development and the Environment
University of Oslo
Norway

May 1994

Foreword

This report has been prepared with the assistance of Anders Wirak (Development Consulting A/S, Oslo), and Morten Bøås and Alexander Cappelen (Centre for Development and the Environment, University of Oslo).

The report was commissioned by SAU/SASDA (Sekretariatet før Analys av Utvecklingssamarbete/Secretariat for the Analysis of Swedish Development Assistance) who have been most helpful in organising the necessary meetings and interviews.

We would like to express our very grateful thanks to those we interviewed in Sweden (see Annex 2), not only for giving us their valuable time, but also for being so open and forthright. As agreed with them, quotations from the interviews are unattributed.

We would also like to thank Lennart Wohlgemuth and Bertil Odén (Nordic Institute for African Studies, Uppsala) who have served as resource persons in our study, and have provided us with both information and valuable comment.

A draft of this report was presented in Stockholm on 22nd April 1994. Those who attended this meeting are listed in Annex 3. We are also grateful to them, and especially G. Edgren who acted as commentator, for their valuable comments, many of which have been incorporated in this final version of the report.

Despite the debts that we owe to the above-named, the views expressed in this report are our own.

Helge Hveem and Desmond McNeill

Centre for Development and the Environment
University of Oslo
Norway

CONTENTS

Executive Summary

This report addresses the very broad question: "Is Swedish aid rational?". It is based primarily on the annual White Papers and on interviews with a dozen key individuals who have played, or now play, a central role in Swedish aid policy.

Both the question and the empirical basis for exploring it are specified in the Terms of Reference (see Annex 4). Although the term 'rational' is problematic (see Annex 1) we found the central question a useful one. As to the empirical base, although the White Papers gave us only rather limited insight into the realities of Swedish aid policy and policy-making, the interviews were invaluable. Together with the comments we received on the draft report, these were extremely enlightening for our analysis.

In this report we first trace the history of Swedish aid from its origins to the present, in relation to four main periods which we characterise as: development optimism, development radicalism, economic liberalism/development pessimism, and transition. We investigate how Swedish aid policy has been influenced by both domestic and international ideas about development, and by the domestic and international politico-economic context. We indicate how differences have been resolved through conflict, compromise and consensus.

We identify seven key issues which have especially been the subject of debate: identification of the central problem to be solved; the aid target (1% of GNP); donor-driven versus recipient-determined aid; tied aid; the choice of recipient country; the choice of special groups within them; and the organisation and administration of aid.

We find that aid has historically enjoyed support from a range of different groups, with significantly different motives - pure altruism, solidarity, mutual interest, and commercial self-interest - and with varying views about the causes of, and possible remedies for, underdevelopment. We broadly sketch four very different positions, and relate these to some of the seven key issues.

Our most important conclusion is that the compromises that have been found necessary to achieve consensus have often resulted in policy that is far from sound.

We find that over the period there has been an increasing recognition that the economic independence of developing countries is very limited. And we identify a related problem: reduced confidence in the governments of recipient countries as partners. Coming to the present, we observe a renewed focus on aid effectiveness and its organisation, coupled with a proliferation and fragmentation of activities. These may be symptoms of unclear policy direction - or something of a policy vacuum, linked perhaps to an intellectual vacuum, and a loss of confidence in "the Swedish Model".

We note that the annual White Paper does not provide the basis for critical policy analysis, and recommend that some institutional means be found to make good this deficiency.

1. INTRODUCTION

1.1. The Scope of the Study.

Sweden's policies with regard to development assistance over the last thirty years reflect the outcomes of those complex political processes that characterize a pluralist and open developed nation. These policies - in some respects, and during some periods - reflect the development paradigm that dominates internationally. In other respects and during particular periods, however, Sweden's policy stands apart, sometimes in accord with other OECD countries, sometimes with a distinct profile of its own.

The present report is primarily an analysis of the contents and the consistency of what we will term Swedish development aid philosophy, or - more broadly - Swedish ideas about development. Our analysis will attempt, as a matter of secondary importance, to trace the history of Sweden's aid profile. It will point out the decisive moments of change in policy and practice, demonstrate the main issues of contention as well as the broad areas of consensus. It will focus on the actors and institutions which have been agents of policy formation. We hope thereby to demonstrate over what issues, during which periods and in what ways Sweden does in fact represent a profiled development policy, but at the same time how far she has been part of international mainstream thinking.

We shall not provide a detailed and wide-ranging comparative study, contrasting Sweden with say Norway or other industrialized donor countries. Some comparisons will be made, but a truly comparative study is well beyond our mandate. Nor have we been asked to provide the amount of detail which normally is expected in a comprehensive study. The purpose of the report is thus rather to highlight critical features, reflect important tendencies and point to the main trends by offering a "broad brush" account of that history.

The Terms of Reference of the report reflect the fact that it is only one in a series of studies commissioned by the SAU. More specifically we have been asked to reflect on the question: Is Swedish development aid rational ?

This is a very complex and demanding question. It needs to be made more precise, and even then it appears as almost impossible to answer. Yet when working on the report, we have been convinced that the question is a useful one. It posits some of the eternal and controversial issues within the development aid discourse in a new and challenging way. For whom is aid rational ? According to which criteria is aid rational ?

The mandate given and the limited time at our disposal implied that we had to be very selective in our sources of information. The report follows the Terms of Reference in building mainly on two sources: the government's annual White paper to the parliament, Riksdagen (supplemented by some similar official policy documents); and interviews with a dozen key persons who have played or now play prominent roles in policy-making and implementation. Secondary sources such as research reports, contributions to the mass media or other written documentation have been consulted only minimally.

1.2. The Analytical Perspective

Which cognitive maps and development paradigms have been predominant, or perhaps competing in shaping Swedish policy ? Did Sweden follow international trends, or was she indeed different ? And if she was different, which of the competing paradigms were prominent during the 1960s, 1970s and 1980s respectively ?

In more analytical and concrete terms, ideas about development fall into four categories: whether to provide development assistance (to be referred to as "aid" in the following); why to provide it; how to provide it; and to whom aid should be provided. On all these four aspects the history of Swedish thinking reflect both consensus and conflict.

Let us start with the "why" since the answer to that question also indicates the answer to the "whether". If the much-used rough classification is employed as a starting-point, motives are either "recipient-directed" or "donor-determined" (McKinlay and Little, 1977; Maizels and Nissanke, 1984). Our second question that arises from the first is: in terms of the relative influence of these two broad sources of influence how far, where and why is Sweden's development policy different from that of other countries with whom Sweden should be compared ?

Many Swedes like to think of themselves, and maybe in particular their aid, as avant-garde. Sweden is perceived to be at the forefront of development policy internationally. Yet, as a member of the family of industrialized, highly developed and pluralist-democratic countries, it should not a priori be supposed that Sweden would be very different from say the Anglo-Saxon countries, not to speak of the other North European or Nordic ones. Her high economic interdependence with other Western industrialized countries should also be seen as a factor reducing policy gaps compared with those countries. And, if we use a very broad brush, Sweden certainly is not very different. Yet, in some respects she is, or maybe rather was.

Our first analytical guide has therefore been to look for points of time during the thirty years under study where discontinuities occurred either in the international political economy -such

as "the oil crisis" or "the debt crisis" - or in the Swedish political system - such as a change of government or key decision-making personnel or procedures. Our question concerning these "break-points" has been: how did Sweden, or particular actors and institutions within the country, react to such change ? Did they produce a change of policy?

In a country like Sweden there is no direct linkage between international change and domestic public policy. Before contextual change leads to adjustments in policy, there is a process of articulating particular interests and ideas. Ideas have their own basis in some eternal principle such as equality, free competition, maximum economic growth or conservation, etc. But the influence of ideas is partly determined by domestic as well as international politics and by group interests associated with the respective ideas. Since there may be competition among such interests, conflict may arise and the need for consensus-building and compromise follow. The way these factors interact determines the outcome of policy-making processes. (See Fig. 1)

In an open, democratic and pluralist system like the Swedish polity, foreign policy more often than not develops as a response to international change or the policies of foreign actors, whether governments, transnational corporations, non-governmental organizations or international institutions (international politics). Like some of the other small developed countries, Sweden has been a strong supporter of the United Nations. At the same time

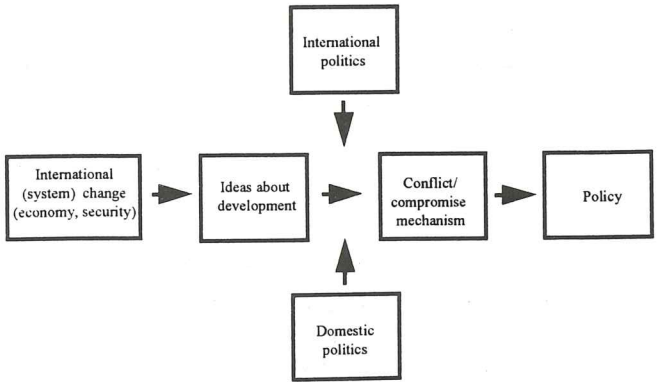

Fig. 1: The process of development policy formation

she has been a member of the OECD, GATT, the Bretton Woods institutions and several other international bodies of cooperation or coordination. She has officially supported rules and

procedures which are agreed upon in such bodies. How has this multi-member position affected Sweden's policy ?

At the same time the fact of being a pluralist democratic political system, with freedom of organization and free speech as fundamental rights, offers domestic interest groups the opportunity to influence policy outcomes (domestic politics). Whether pursuing strictly self-interested or altruistic motives such groups may oppose, or ally themselves with, foreign actors. Depending on their respective strengths, they may therefore modify - under given circumstances maybe even totally block - the influence of exogenous institutions and actors.

Our second analytical tool is thus to view policy outcomes in the area under study as a function of dynamic interaction between international and domestic factors and actors.[1] This becomes particularly important as Sweden represents elements of both the "soft" and the "hard" state, that is, respectively, of political processes which respond to democratic procedure and to social demands, and of processes which on the other hand are authoritarian and hierarchical in character. She has at times been much influenced by ideological beliefs which have made the decision-making process "soft" in the face of particular developing countries and/or their sympathisers in Sweden. "Recipient-oriented" policy is supposed to reflect this tendency. At the same time she has been "hard" when it comes to resisting pressure from particular developed countries. Sweden's policy on Vietnam in direct opposition to the US administration is a case in point. Many would say that it was a reflection of a coalition between the hard core Social democratic leaders who were strong protagonists of a non-aligned policy, and on the other hand a broad band of leftist political groups and other less ideological 1968-ers. It allied Sweden with war protesters in the United States, but alienated her from Washington.[2]

If the Vietnam policy had the support of a Centre-Left coalition in Sweden, leaving only the Conservatives out, there have been varying degrees of broad national consensus behind other particular elements of what may broadly be termed "Third world policy". Our third analytical principle is therefore to look for elements in the formation of policy which reflect a conflict-compromise dimension and in particular to focus on forms of compromise whereby conflicting positions have been resolved.

Sweden has been known for its system of political compromise and consensus ever since the Saltsjøbaden Agreement in the early 1930s. Development policy may therefore be expected to conform to this habit of compromising, and of building the broadest possible political consensus. There are, however, institutional and administrative factors which combine with political ones to make consensus-building problematic.

[1] The analytical model is being developed and explained in detail in Hveem, 1994.
[2] It is possible that this conclusion ought to be revised and modified in view of the relations made public early 1994 that Sweden entertained close contact with NATO and thus the US administration during the whole of the period under study.

Foreign policy has traditionally been a relatively specialized and closed arena virtually under the monopoly of the Ministry of Foreign Affairs. It has been subject to the requirements of secrecy and hierarchical decision-making dictated by national security and other aspects of "the national interest". Two distinct processes have changed this situation. First, internationalization of society has made the number and intensity of contacts between foreign actors and Swedish organizations, firms and citizens quite substantial. Secondly, the process of democratization has had an impact not only on domestic affairs, but on foreign policy decision-making as well. Both these processes have influenced decision-making, and made it both more divergent, decentralized and transparent.[3]

Facing such new challenges to central state institutions and both the efficiency and legitimacy of their decisions, those institutions may respond in one of several ways. They may attempt to re-establish authority through a core of strong leadership; coordinate through functional specialization in several decision-making entities; organize compromises in order to maintain consensus through coalition-building; or internationalize decision-making either to an international (multilateral) institution or to the bilateral relationship between donor and receipient country. Our assumption is that several or all of these institutional solutions were practised at some stage or other throughout the period surveyed. Interests are important forces in shaping policy outcomes. So are ideologies, but also knowledge-based expertise, and leadership or personalities. This study will not be able precisely to locate the source of influence over broad policy decisions in terms of these different types of power. But some indications will be offered.

The foundation of Sweden's development aid policy is the 1962 White Paper to Parliament.[4] Obviously that foundation rests on a tradition of solidarity work and other Third world oriented activity in the Swedish population. And not the least, the report was also issued on a background of a long history of missionary activity in particular in Africa, activity that is hardly reflected in the White paper. It is, nevertheless, still being referred to as the "Bible", or as "The Old Testament", in particular by older policy-makers. For the new generation of policy-makers it may appear no longer as a source of direct relevance to actual policy decisions.

Could this change ? As one respondent put it, aid policy thinking may be about to "come full circle": Being founded with a strong social profile in the 1960s emphasizing solidarity, it appears to have turned "structuralist" in the 1970s as more emphasis was put on the international system and North-South relations in trade and investments as obstacles to development. During the 1980s thinking appears to have turned to the market philosophy and

[3] There is a vast literature on the general theoretical debate and on empirical support for this view. Much of this is referred to in the Swedish Maktutredningen. See p.9. Peterson, ed., 1987. Kjell Goldmann, 1986, and Karvonen and Sundelino, 1987.

[4] Kungl. Majs. proposition till Riksdagen, no. 100, 23 February 1962.

the application of Structural Adjustment Programmes. There now appears to be a change towards a more critical appraisal of the market approach - the "getting prices right" ideology - because of its negative social effects, and towards a renewed emphasis on poverty abatement.

We shall assess the validity of the full circle hypothesis. Seen through the lenses of several decades of development aid experience and development theory debate, the 1962 White Paper appears rather general and maybe overly optimistic - to the point almost of being naive. But for its time it was a rather remarkable achievement. It certainly grew out of experience which was genuinely Swedish and which one may summarize in two parts: one, the experience and insight into underdevelopment and poverty issues held by a few politicians and economists; the second, the idea of solidarity so central to Swedish socialists, social-liberals and Christians. At the same time it was probably a response to the rapidly emerging thinking about Western development aid in the United States and elsewhere. US aid was highly influenced by the "modernization" theorists, some of them even serving as consultants to the administration in Washington.[5] Did Swedish aid thinking differ from these sources at the time?

We expect Swedish development aid thinking to have changed over time. But in what ways and how much ? Sweden's aid was internationally known around 1970 for challenging the United States. If one assumes this image to be correct we may formulate a second hypothesis which may be a companion to the full circle hypothesis: from disagreement with the hegemonic state within the OECD, Sweden has come to agree on several of the main issues in the development policy debate in the 1980s. The second hypothesis to be discussed is thus the convergence hypothesis: that Sweden's policies towards the Third World, including her development aid policies, converge with those of the United States and other major OECD countries.

[5] Hoselitz, 195 : and Rostow, 1959 were among the chief ones, the latter also serving in a top position in the Kennedy administration.

2. INTERNATIONAL CHANGE AND THE DEVELOPMENT OF IDEAS

International change will necessarily affect thinking in an open society like Sweden. But how and how much will it be affected ? Domestic political inputs and the way the political institutions function (cf. Fig. 1) may reduce the effect of international change (oil crisis) and the pressure from international institutions (Bretton Woods and/or OECD). Under which specific conditions may that happen ?[6]

Our first analytical tool - describing international change by focussing on discontinuities - reflects trends in the international economy and in international politics, or what one may refer to as real-world change. Ideas about development that have wide international support, which constitute an ideology or a paradigm, evolve to some extent as a response to the former, but they are distinctly separate analytical categories and shall be treated accordingly. For the sake of brevity we may assume (1) that the United Nations, the Bretton Woods institutions and the OECD/DAC are the main carriers of the prevailing ideas of development at the international level and (2) that there may be some competition among them over some issues. Such competition should be reflected in the Swedish political and administrative processes.

The way a society reacts to exogenous change can be analyzed in terms of a continuum that ranges between two opposite poles (ideal-types): the other-directed or exogenously driven society, and the self-directed or endogenously directed society. The former will follow the swings of international change, possibly with a time lag, whereas the latter could insulate policy processes to make them unaffected by international change, the insulation probably ending only after a considerable amount of time. This continuum represents our second analytical tool.

If one ideology or development paradigm is totally dominant internationally, then the society concerned has a choice between following the ideology or opposing it. If ideas compete, the society faces a variable, multiple choice situation. If in addition it is a pluralist society, there are normally factors within the society which create, or increase, competition that already exists. And if such factors are represented by well-organized interest formations, competition may be quite conflictful. In addition, in an open society particular domestic interests may ally themselves with foreign actors to influence policy-making at the national level. If policy-making takes place in an international setting which has some formal and/or real opportunity to influence national policy-making such alliance formation is particularly relevant.

[6] A proper answer to this question would have required a through discussion of cognitive prosesses which is clearly a task beyond the scope of the present report.

These observations take care of the third and fourth of our analytical principles and link them to the first and second.

2.1. International Change: Stability and Discontinuity

When the White Paper of 1962 was written, the world had entered into a period characterized by international political rivalry at the global level and high economic growth within the capitalist world. Developing countries emerged from the process of decolonization as separate political, but mostly as economically non- or underdeveloped entities. The period from the beginning of the 1960s, in other words, reflected a series of separate but partly interconnected trends in the global system the more important of which were as follows:

- Cold War politics of the 1950s continued to shape international politics including allocations of development aid; they were met with a mixture of support and resistance (Non-Aligned Movement) in the Third world;
- economic growth was steady and stable with high rates within the Western capitalist world, and partly also outside it;
- nation-building became a matter of priority for the emerging developing nations and implied emphasis on state bureaucracies, hierarchical political systems (presidential and/or one-party rule) and militarization;
- international trade in goods became more liberal but still regulated (agriculture, some industries of particular interest to developing countries) whereas services trade and the financial markets were still mostly under national control.

North-South relations became more important for governments in both the Western and the Communist worlds. In 1956 the Soviet Union took over financing the Aswan Dam project in Egypt when the World Bank, urged by the US government, declined to do so. The coming to power of General de Gaulle and President Kennedy initiated a range of Western responses to the challenge from the Eastern Bloc. A host of bilateral and preferential relationships were instituted during the 1960s as nations competed for geopolitical clout and colonial ties disappeared. And a number of bilateral and multilateral aid institutions were created, bringing economic assistance programmes hitherto executed by semi- or non-governmental organizations to the level of national and international policy. The Organization for European Economic Cooperation (OEEC), set up in 1948 to organize the Marshall Plan aid to Western Europe, was renamed OECD (D for Development) and a Development Assistance Group (DAG) formed, both in 1960. Canada created an External Aid Office the same year, and during the following year France established a Ministry for Cooperation, the United States enacted its Foreign Assistance Act and sets up USAID and the two "losers" of World War II, West

Germany and Japan, set up their respective credit agencies for development.

Sweden was among the last of the Western European countries to join the DAC (reconstituted from DAG in 1961) (OECD, 1985). This may be quite simply explained by the fact that the Swedish International Development Agency (SIDA) was established in 1965, the year Sweden joined the DAC. (Norway joined in 1962 when she established NORAD, Denmark in 1963 for similar reasons). Thus, she may have felt that the opportunity for joining multilateral coordinating institutions like the DAC was real only after she abandoned previous semi-public institutions with little capacity to establish a truly capable public authority. But the emphasis which the Swedish government at the time put on neutrality as a primary policy principle, and on the United Nations as a channel for multilateral development aid, may also have played a role in this respect.

The 1960s and part of the 1970s was a period of a striking euphoria. Development optimism was very high. And there was a widely held belief that once certain state institutions, basic infrastructure and competence were in place, development would follow.
Although the missionary and other non-public activities continued more or less in their traditional ways outside of the public aid channel, there was a wide support for the "statist" approach. Not even the Conservatives opposed it, whether because they did not care - as one respondent put it - or because they had no alternative themselves.

At the end of the 1960s and the beginning of the 1970s several new trends appeared while some of those mentioned above prevailed. Although a major crisis was averted only a few months after the White Paper passed the parliament (the Cuban missile crisis during the Fall of 1962), East-West politics continued to dominate, fluctuating through freeze and thaw until the start of the glasnostj of the 1980s. This factor shaped Swedish foreign policy throughout the whole of the period although, as we shall see below, the extent and form of its expression in the field of development aid was contested within Sweden as well as outside.

Alongside these developments in the geopolitical and foreign policy field some new trends were visible, starting at the end of 1960s:

- While economic growth in developing countries during the 1960s had, on the average, exceeded the 5 percent target set by the UN Development Decade, growth performance varied widely from one country to another and the social distribution of growth had been quite uneven despite some unquestionable progress in health and education;
- Several countries, not least in the North, started to become seriously concerned by their balance of payments position, and the beginnings of the trend that led to the break-down of the system of fixed currency alignment (1971-73) were visible;
- Political radicalism had been mobilized in some developing countries as a response to what

were perceived as tendencies to dominate or re-colonize the South by governments and/or transnational corporations, and this tendency was fortified by the Indochina war, the military coup d'etat in Chile and similar events;
- The emphasis on nation-building and autonomy in the South culminated, in an economic sense, in a parallel mobilization of economic nationalism centered on the oil-exporting countries and ending in the price increases and the embargo on crude oil in 1973.

The time had come for an attempt to put into practice demands that had been voiced by developing countries since the formation of the United Nations Conference on Trade and Development (UNCTAD) in 1964. These were demands for restructuring of North-South relations as regards the production, finance and trade sectors and for reorganizing institutions that managed these sectors, as well as the channeling of resources between the North and the South. Against the background of political radicalism and, not least, the Oil crisis and the perception of a new oil and commodity power in the hands of the developing countries, the industrialized countries agreed to start negotiations on a New International Economic Order in the United Nations. They were also urged by messages "from within" such as the Club of Rome's warning of future resource crisis. Parallel to, but also partly helped by these trends, a number of international conferences, most of them under the auspices of the UN, were staged on a series of "new" issues such as population, the environment and so on.

The 1962 White Paper had echoed in general terms the concern over the North-South gap and its international systemic causes, concern that was expressed already by the Prebisch-Singer-Myrdal "school" in the 1950s. Sweden therefore was among the first of the industrialized countries to support the request for international debate and action on the gap. If Sweden was part of an international trend in these respects, her own policy statement reflected a profile somewhat different from that of the Kennedy administration and other major countries in the West. Like these countries, and in particular the United States, Sweden responded to the sudden arrival of a host of new political actors on the global scene. Like many of the other OECD countries she had already established a channel of economic and technical assistance organized in some selected projects in several countries in what was now referred to as the developing world. Like them she emphasized economic growth as a prerequisite for, or as the very meaning of development.

Behind the Swedish response, however, were two particular guiding principles both of which appeared to make Sweden's approach different from that of the major Western powers. The first was its emphasis on solidarity. Recognizing the gap between the rich and the poor, or the developed and the underdeveloped worlds, the 1962 White Paper established as the first principle that solidarity had no national boundaries, as every country was dependent on peace, freedom and welfare reigning internationally. In defining the motive thus, Sweden was not much different from other OECD countries. Kennedy's Alliance for Progress was premised on

similar ideas. There was no need for a rationale for aid beyond this one, according to the White Paper. But it went on to emphasize a foreign policy motive behind the Swedish aid as well, that of maintaining development aid as separate from Cold war politics and from neo-colonial tendencies. In making this a subsidiary motive for aid, the paper claimed that Sweden as a neutral country with no colonial tradition would represent particularly welcome contributions to development.

It thus indirectly challenged some of the basis for the aid policies of the major Western powers and the claim that the Cold war mostly imposed a Realpolitik type of motivation behind foreign aid.[7] Accordingly, Swedish aid was in the eyes of many Swedes to present the Swedish society as a model for the developing world. For others the export of the Swedish model was less important. Although there is no necessary contradiction between following the export impetus and channelling aid through the United Nations, the latter was by many seen as a priority for Sweden, in part also in order to strengthen that institution's ability to act as a non-partisan channel of aid.

The negotiations on a NIEO were, however, overtaken by events arising out of the destabilizing effects of the end of Bretton Woods fixed currency alignments and the oil price rises. Towards the end of the 1970s, as inflation and stagnation coincided (stagflation) an increasing number of economists and governments had started to question the rationale of Keynesian stabilization policies. Monetarist analysis and neo-liberal policy proposals became more popular and were adopted by governments in the UK and the United States at the turn of the decade. NIEO negotiations ended in a weak Integrated Programme of Commodities (which it took close to another ten years to make operational). Regulatory policies ceded the ground to market-oriented ones. In addition loan-financed programmes undertaken by developing countries, or by international aid agencies on their behalf, suddenly turned into heavy debt burdens as interest rates and the dollar exchange rate soared in the beginning of the 1980s.

The trends of the early and mid 1980s may be summed up as follows:

- The debt crisis resulted in a dramatic turn-around of resource transfers North-South as a majority of developing countries serviced their debt and further aggravated their economic situation already seriously weakened by stagnant commodity markets;

- The response of (most) industrialized countries to the new international economic conditions in particular the downward economic cycle and resulting higher unemployment was to renew emphasis on industrial policies to promote industrial restructuring and to make more use of non-tariff barriers in order to defend ailing and labour-intensive industries from the competition of developing in particular Newly industrializing countries (NICs);

[7] See Morgenthau, 1962 for an authoritative presentation.

- Whereas North-South trade became more restricted, financial flows became at the same time deregulated, thus stimulating further globalization of firms and creating a global market for capital movements unrelated to production or trade finance;

- At the level of domestic economic policy the renewed emphasis on neo-liberal economic ideas led to privatization and competition-stimulating efforts, starting in the UK and the USA and spreading to multilateral institutions;

- A new "freeze" in East-West relations, caused inter alia by the rearmament race between the superpowers, the missile crisis in Europe, the Afghanistan war and a number of local conflicts in other areas, re-emphasized the ideological differences between East and West which were also visible in the controversies between market- and state-oriented economic policy.

The new international political and economic realities made developing countries clearly more vulnerable to the effects of international change. The 1980s proved among other things that they were very differently positioned to cope with the challenge.

As early as 1970 the UN had recognised how heterogeneous a category the developing countries constitute by creating a new category of Least developed countries. The gap between these and the NICs became visibly much wider during the next two decades, the second and the third UN Development Decade respectively. At the same time there were strong pressures for these countries to adapt to change by adopting policies heavily influenced by neo-liberal economics, and undertake what came to be known as Structural Adjustment Programmes (SAPs). There was opposition to these adjustment policies in many countries and, in many cases, hard bargaining, which involved Sweden and other donor countries.

2.2. Trends in Swedish Development Thinking

The above leaves us with three more or less distinct sub-periods delineated by discontinuities either in the political or economic arenas of the international system.
These are:

- **1960-72** which starts with the development optimism that was reflected in attempts to combine Western political-economic models with nation-building, in competition with the Soviet-led alternative approach (portraying similar optimism on behalf of its clients);

- **1973-81** which starts with destabilization in the currency markets and oil markets, passes through political mobilization around the issue of the NIEO and ends in recession and the coming of post-Keynesian economic ideologies; and

- **1982-present** which starts with the "debt crisis", witnesses the dominance in development thinking of structural adjustment programmes and the ideas associated with them, and is influenced by the shift from a last round of Cold War politics to the ending of that era of international politics.

How did Sweden react during these sub-periods to international change, to specific trends and ideologies ? And in particular how did she react to the latest demand for policy adjustment known as the Structural Adjustment Programme, SAP ?

We shall look at these questions first describing the main contents of official public policy during the different periods indicated and then analyzing policies, including whatever change of policies that took place, in terms of our analytical tools. We shall attempt to substantiate the following observations:

(1) Swedish policy, practically throughout the whole of the 30 years surveyed, represented a package of ideas and priorities which were not necessarily all mutually compatible; a fact that reflects the need for compromise, although not all of them were equally important all the time; the relative influence of the factors separately identified in our analytical model (Fig. 1) is thus shifting over time, quite often shifting even from one issue-area to the other;

(2) the Swedish policy-making milieu was made up of both pragmatists and ideologues and among the latter were found both "economic liberals", "radical state-oriented" and those who should be seen as primarily foreign policy oriented policy-makers (emphasizing the pursuit of Swedish neutrality policy in the aid arena). Each of these shaped public policy during distinct sub-periods; that is, each of them "had their time". One major reason was that the pragmatists represented a "floating vote": they were swung to the side of the position that was found most credible and appropriate at any given time, thus offering it the possibility of prevailing;

(3) there was a strong element of influence from ideas and policy proposals circulating internationally, that is ideas coming under the headings of "modernization", "dependency", "basic needs", "statist", "economic liberalism", "ecological crisis" theories or combinations of these schools.[8] But some of these ideas were comparatively more strongly held in Sweden than elsewhere;

(4) the most profiled ideologues held their views consistently throughout, even when losing out to competing ideas, and some few of the "old guard" felt at times alienated from and

[8] For details of these schools and the debates between them, see e.g. Blomstrom and Hettne, 1987; Hettne, 1990; Hveem, 1993; Hyden, 1993; Lundahl and Toye, 1987.

frustrated by the political process if they were unable to be part of the process of compromise (para 1).

We shall attempt to highlight the role played by these partly competing, partly overlapping schools of thought, listed in para 3, in the Swedish development aid arena, but not attempt to make a full and detailed analysis. Observations will attempt to cover all the four categories of ideas on development which were referred to in the introduction (1.2): the whether, why, how and to whom aid should be given.

In degrees that probably varied over the years, aid policy was strongly influenced, within the context of overall foreign and macro-economic policy, by a few personalities. The consistent and strong emphasis on population control reflects the influence of a few key persons. A strong finance minister or strategically placed civil servant also would exert influence if he so wished. But a primary role was played by the Prime Minister if or when he insisted. According to several of our respondents, the late Olof Palme did play such a role. In the words of one of them, "Palme dominated to an extent which is not even well understood in Sweden".

2.3 Central Themes in the Debate

The main priority of Swedish aid throughout its history has been poverty eradication. But as soon as one goes beyond this, one steps into the complex realm of aid policy, and confronts the challenge which faces all aid donors: how to translate this overall goal into action? In the case of Sweden, it is possible to identify a number of critical issues over which there has been conflict, or to which especial attention has been paid in the debate.
We have singled out seven of these which appear to be of central importance. (There are of course many others which might merit inclusion - for example the question of small-scale versus large-scale projects, of short-term versus long-term programmes, the wide-ranging "trade not aid" issue, and the whole issue of increasing aid dependency).

a) Identification of the central problem to be solved.

b) The volume of aid (the 1% target).

c) Donor-driven versus recipient-determined aid.

d) Tying of aid.

e) The choice of recipient country.

f) The choice of special groups and/or sectors within them.

g) The organisation and administration of aid.

The first and the last of the above differ slightly from the rest. The first - identification of the central problem to be solved - is more a question of analysis, which provides, or should provide, the underlying basis for aid policy. And the last is a more technical question than the others, dealing as it does with the implementation of the choices made under points b) to f). But point g) may also relate to major questions of principle: for example the issue of country programming, or the choice of alternative channels for providing aid.

Many of the issues just listed may interrelate, or be thought to interrelate. And hence one may find what could be referred to as development paradigms or ideologies which combine certain set of positions on all or most of the above issues. Below, we shall consider these alternative paradigms both at a rather general, abstract level and in relation to the specific issues listed.

2.4. Changing Paradigms in Swedish Aid Policy

The annual Propositions (Budget White Papers) to Riksdagen are the main statement of general public policy. Since the administrative reform in 1970, aid policy has been part of the responsibility of the Ministry of Foreign Affairs (UD). That ministry's White Papers are therefore our main source of information.

We have already referred briefly to the 1962 White Paper. It represents a statement of Swedish public thinking on the definition of problems, the motives behind aid and the main policy goals and means. It contains the very general observation that the "problem has to do with economic underdevelopment". (Prop 100, 1962:5). The more focussed problem analysis points to three aspects: poverty, the North-South gap reflected in e.g. trade relations, and the population explosion. In stressing the former two the Paper represents an "early warning" of themes that were to become more developed and relevant in the years to come, but these themes are also reflected in the thinking of other OECD countries at the time. It is in her emphasis on population growth as a problem that Sweden appears most profiled compared to other OECD countries. In this she precedes the Limits to Growth school which followed some years later.

But while the emphasis on population growth, and on population control as a remedy, are also found in a number of other donor countries, Sweden appears to be the one country which most consistently argues the importance of this factor over the years. The White Paper, however, argues that the underdevelopment problem is complex. As a consequence it does not advance one particular creed, based on one specific paradigm. It holds both the efforts of the poor

countries themselves (domestic level) and change in international exchange relations to be important.

This rather complex profile is reflected in the 1968 Prop which is considered by many policy-makers as the second most important policy document from the "formative years" and hence the first that we have analyzed in depth.[9] Here Swedish particularism is strongly defended. Population control measures often meet strong resistence in recipient countries and are not supported by a number of international organizations; in such cases "Swedish activity could be an effective support of progressive forces" (P 1968:92). One may thus say that this particular emphasis on population control, which we find consistently throughout, until the present, reflects not only the ecology paradigm, but maybe also modernization theory.

There are other elements of the modernization paradigm as well. At the same time there are elements of structuralist thinking of the Prebisch-Singer-Myrdal type in references to deteriorating terms of trade for developing countries (P 1968:3) and a corresponding willingness of Sweden to contribute to international commodity agreements to stabilize commodity prices (P 1968:89). A particular Swedish (or Nordic Social Democrat) twist reappears in a comparison between domestic welfare state and international policies to bridge the North-South gap: "Social justice and equalization are being demanded within nations, and similar demands should be upheld for the relationship between nations" (P 1968:82).

The modernization aspect is further illustrated in the defence of Swedish assistance to improve public administration in recipient countries, which started in Tanzania in 1966 and was being planned for Ethiopia in 1968 (P 1969:27). In 1970 there appears a new concept which is apparently seen by policy-makers as another Swedish specialty: that of integrated development, which derives from seeing domestic measures as linked to measures at the international level. The Prop claims that Sweden has, by pushing this concept - with the help of a group of both North European and developing countries - managed to win understanding among developing countries for the concept, and thus indirectly for the argument pushed by major industrialized countries that structural reforms within developing countries are the priority issue (P 1970:15-16).

The argument is reiterated in the 1971 Prop, but here the structuralist school appears to be relatively more emphasized. There is also an element of criticism of modernization thinking in a reference to what appears as a reflection of the "immiserizing growth" hypothesis (Lewis): high industrial growth has not played such "a decisive role in economic development as is being assumed" (P 1971:19). This view appears, however, to be inconsistent with a policy statement issued the same year by Riksdagen and which clearly signals increased emphasis on

[9] The Propositioner are subsequently referred to as P, the year for which they were issued being attached in the reference.

industrializing the developing countries (SOU 1970:84, rskr. 191).

The 1972 Prop is preparing the ground for making the clearest statement of one particular school that can be found over the whole of the period surveyed, and which is repeated in the Props of the three following years. At the same time these years represent a most explicit challenge to the policy of the hegemonic state, the United States. The message of these years (P 1972-75) is a radical structuralist argument reflecting the dependency tradition. It calls for radical changes to take place in the international relations of developing countries. Those relations are "forcing" countries to construct their societies more along the lines of the wishes of industrialized countries than on the basis of their own priorities. The Prop echoes the critique of radical Third World leaders and dependency theorists in stressing the need for greater autonomy for developing countries - including from transnational corporations - and it states that it is "natural for Sweden to design its developing country policy so as to support a policy to that end". (P 1972:14). The same Prop (for policy-makers, no doubt, as a logical follow-up of these general policy statements) states that "demands for change in existing international power structures" should be met positively by the rich countries according to their UN obligations (P 1972:50). In the same vein Swedish support to Vietnam is referred to, "the greater part of which is being allocated within the area controlled by the FNL", and support for the Unidad Popular under Allende is given higher priority. This was probably the most direct challenge to American political hegemony during these and the following years by any single country which was a member of the international market economy, that is the OECD family. If this move to the left, which led to Swedish aid being allocated to several countries "falling within the Soviet sphere of interest", was seen as consistent with Swedish neutrality and "a diplomatic balancing act" (Palmlund, 1986:115-116) it was openly and bitterly criticized in the United States administration, diplomatic relations were severly strained and the atmosphere in some of the organizations of cooperation turned more bitter as a result of the US-Swedish controversy.

Structuralist arguments indirectly reflecting the dependency tradition were also found in similar policy documents in the Netherlands and Norway (St.meld. 94, 1974-75). There can be no doubt that these similarities reflect a community of thinking in Social democrat and Centre-left political circles in the North European countries. The latter two were, however, less profiled than the Swedish public policy, obviously because of foreign policy. In the case of Sweden the structural paradigm ceded ground to the foreign policy concern, not only in the case of Vietnam but even in Latin America, or the two would merge to give the emphasis of autonomy for developing countries a double meaning. With unambiguous reference to the Bretton Woods institutions, the 1974 Prop criticizes those institutions whose aid in some cases "has been withdrawn from countries who have sought to diminish their dependence on foreign economic interests" (P 1974:14). Swedish policy statements at the time also referred more explicitly to the dependency school. As an example it made explicit reference to the comprador thesis

(Frank, 1968) by pointing out that "the domestic upper class who often resists more egalitarian and just sharing of the resources often has interests in common with foreign capital interests and therefore views the efforts towards autonomy as a threat to their privileges" (P 1974:15).

In 1975-76 there are signs of change. There is still emphasis on the NIEO and thus on structuralist and autonomy arguments, but the coming of the basic human needs (BHN) thinking is reflected in that the very concept of "developing country" is being questioned.[10] Referring back to the 1962 White Paper, the 1975-76 Prop goes on to state that some of the measures of the NIEO may not solve the problems of the poorest countries, but in fact widen the gap between developing countries (P 1975-76:11). The structural and institutional reforms of the NIEO are still supported, but Swedish contributions of an economic kind are being made conditional on similar contributions by other industrialized countries. She was here no doubt referring to the major OECD countries, maybe even to OPEC donors. In 1971 the share of Sweden's total aid to LLDCs (least developed countries) was 21 per cent, which was less than that of Norway but greater than the OECD average (P 1973:17).

The emphasis on basic needs, and the transitional nature of the philosophy, are even more evident in the 1977-78 Prop. There is no doubt that part of the reason for the change of emphasis that now takes place are international trends, notably the increased burden on many developing countries of debt-financed imports of oil, food and investment goods.
The NIEO as it were, was given birth by the First oil crisis and died during the Second.

But the most important change in basic approach is found in the explicit targetting of aid on the poorest groups. The return to the emphasis on fighting poverty that was found in the 1960s is explicit when the Prop states that the prospects of reaching the poorest groups, satisfying basic needs and helping make social progress possible are dependent "among other causes on the political will and ability of the government to engage itself in favour of the least fortunate in the society". (P 1977-78:35-36). The view is referred to SIDA and its Board. This could mean that there was at the time still some internal bargaining between those who wished still to put the emphasis on external and international factors and those who wanted to emphasize domestic factors in order to enhance the BHN approach.

The Foreign Relations Committee stated in its comment on the 1977/78 Prop that policy should be formulated as a comprehensive approach which would give aid a prominent position, but which would also cover trade, shipping, monetary and other aspects of foreign economic policy and at the same time look at how certain aspects of domestic economic policy like industrial and employment policy affect developing countries.

[10]The rationale for this idea and its substance was presented in an internationally influential issue of the Development Dialogue, the journal of the Dag Hammarskjold Foundation, entitled "Another Development" (1976).

Coordination and prioritization among these various sub-sets of relations should be based on the premise that "we will promote economic and social development in the developing countries" (UU 1978/79: 1, rsk 1978/79:9). Credit is claimed for having initiated debt relief in the United Nations for the least developed countries (P 1978/79:17)

The profile is now becoming more diffuse, less characterized by one single paradigm. Autonomy and greater influence in international institutions for developing countries are still supported, but in vaguer and less committing terms than before. At the same time the Props are stressing the positive aspects of increasing interdependence between the North and South, reflecting no doubt the message that was to become central in the Brandt Commission's report.[11] Several references are made to trade and the role played by Swedish firms, and to the need for promoting this role even further. At the same time the first signals of the return to liberal economic principles as policy fundamentals can be seen, not least in increased emphasis on trade as a instrument of development.

At this stage the need to accommodate the various and potentially conflicting goals and priorities is probably most evident and thus at its highest. International stagflation, accelerated by the Second oil crisis,[12] has already hit Sweden. This makes balance-of-payments and domestic employment problems more important, and the Social Democrat government adopts a series of measures to stimulate the economy in order to save employment in Sweden (Gourevitch, 1986; Scharpf, 1987). This late-Keynesian effort instantly made itself felt in the aid policy area and led to an effort to convince everybody that solidarity and self-interest were compatible motives. "At the same time as the demand for manufacturing goods of these (developing) countries is almost insatiable industrialized countries have a considerable non-utilized production capacity and high unemployment.(...) In this situation aid assumes a special dimension as an instrument for a global countercyclical policy ("stimulanspolitik") the purpose of which is to speed up the world economy." (P 1980/81:22-23).

At the same time policy-makers go on the offensive to save the volume target from becoming the object of attack. Despite the "unusually precarious budget situation" (P 1982/83:5) the 1 per cent volume target should remain intact, and it should in fact be Swedish priority to push other industrialized countries to increase resource transfers to developing countries. The rationale is simple: "The basic motive for aid is the moralistic one. But even the enlightened self-interest of industrialized countries should lead to the same conclusion, namely (..) increased resource transfers ..." (P 1981/82:25). At the same time the Prop includes for consideration channels other than official developmnent assistance, in a reference to thinking in Washington, and calls for aid to be more effective.

[11] See the Brandt Commission, 1979.

[12] The increase in crude oil prices that took place at the end of the decade caused an increased burden on Sweden's current account.

A few years into the 1980s, what may be referred to as liberal interdependence ideology has become quite prominent in the Swedish profile. It is still acknowledged that the "interdependent economic dependency between the countries of the world now diffuses stagnation rather than wealth" (P 1982/83:6), that it is a relationship "between economically unequal partners (P 1983/84:33) and that the developing countries are either experiencing deterioriating terms of trade (the least developed) or increased protectionism by the industrialized countries. This makes it all the more important that the free trade system is defended and that economic exchanges are expanded. Since Swedish trade with developing countries is comparatively limited, this warrants repeated associated emphasis on promoting Swedish exports. There is comparatively little mention of the need to promote imports from developing countries. At the same time the profile contains a new emphasis on liberal economic ideas at the level of domestic policy in the developing countries: "At the national level problems are often caused by choice of development strategy and domestic political difficulties to undertake necessary changes.(..) Slow central planning, failures in the economic policy and distorted price structures have stalled the production and distribution of agricultural products and caused new import-demanding consumption patterns" (P 1982/83:8). More effectiveness in recipient countries is called for.

And only one year after Government stated that the 1 per cent volume target remained intact, it was abandoned - admittedly "as a temporary measure" (P 1983/84:54) - but reinstated the following year. In the same Prop, structural adjustment programmes are being referred to explicitly for the first time. In the two following Props they take on increasing importance, but not without reflection on their contents and effects. While it is pointed out that structural adjustment will be necessary for years to come (P 1985/86:34), the Swedish government maintains some distance from what has, perhaps somewhat erroneously, become known as the "Washington Consensus".[13] It would probably not be correct to say that the maxim of "getting the prices right", which could be found in the Props some years earlier, is no longer held to be relevant. But the Prop, indirectly and in carefully worded phrases, takes issue with US insistence that the World Bank group should put harder conditions on developing countries with regard to their economic policy (P 1985/86:40) before voting IDA loans. And a warning about the social effects of the SAPs is issued: "There are limits to how far economic adjustment may be carried through without unacceptable social and political consequences" (P 1985/86:44). It thereby echoes the moderate criticism of the SAPs that was channelled by inter alia UNICEF.

[13] The term, although widely used is almost as widely criticised. (See Williamson, ... for an informed critique). Broadly, the "consensus" implies agreement that structural adjustment is necessary and that aid donors should be prepared to apply conditionality to bring it about. More specifically, "the Washington consensus" has been taken to imply consensus both with regard to the analysis of the problem and the concrete policies to resolve it; and many have charged the Washington institutions with being unduly uniform in both analysis and prescription - not adequately taking account the wide variations in circumstance between different countries.

The last part of the 1980s did not produce any major change in philosophy, although debate over several of the policy issues was rather intense. Throughout the period surveyed, Swedish aid philosophy is built around four, later five principles - fighting poverty through redistributive action, promoting economic growth, enhancing economic and political autonomy, and promoting democracy. Environmental protection was added during the 1980s although it was mentioned at least as early as in the 1978/79 Prop (:31).

Our survey shows that these goals have had differing emphasis in the Swedish profile over the years. In retrospect it is not difficult to agree with several of the respondents on two points which they observed: first, it is not a priori granted that several or all these goals can be given equal weight without there being any conflict between them; secondly, the salience of the respective goals, that is the priority which each of them are given in the policy-making process may differ over time and issue-area. From these two points follows a third: that if there is conflict or unequal salience (or both), this may lead to competition among policy-makers. One example of a goal which was subject to temporal subsidiarity is democratization which was a stated goal in the 1962 White Paper but more or less pushed aside during the sub-period in which autonomy was emphasized.

The strong emphasis on foreign policy goals as a motive for aid policy is one visible trend throughout, but it appears to disappear with the end of the Cold War. Did it reinforce the five principles or obstruct their implementation ? Again, promoting democracy was one goal that received mixed support. The aid to Chile was initiated during the presidency of Eduardo Frei, that is before Allende's Popular Front, and as a result of a compromise between those who pushed aid to Cuba and those in the Centre who for political reasons were sceptical.

The potential for conflict between the various priority principles was recognized in several White Papers, including that of 1986. Here it was acknowledged that the four major goals "cannot be fulfilled within all areas of development assistance. Sometimes ambitions have to be limited in order that one goal is been given priority" without the other goals being negatively affected (P 1986/87:50).

3. THE SWEDISH AID POLICY-MAKING PROCESS

3.1. The Swedish Political System and Aid Policy Making.

In studies of international relations actors are commonly assumed to be nation-states: they have the exclusive right to deal legitimately with other nation-states by being solely responsible for making binding agreements with them. This legal basis, together with other factors, is assumed to give the government of the nation-state not only exclusive power over relations with other countries, but also the power to represent the citizens of the nation-state. Such a notion of the power of the national government has also been quite widespread within North-South and development assistance politics. It may be referred to as the interest aggregation assumption.

The assumption of unitary actors is challenged for general reasons and on theoretical as well as practical grounds, and it is challenged in the specific area under study here. There are two ways to reflect this challenge. One is to point to the fact that societies like the Scandinavian ones are highly pluralist and liberal in character. Even an issue-area like foreign policy has become democratized, opened to popular influence. Secondly, apart from some issue-areas where unity of goals has traditionally been high (security policy), most areas are subject to greater or lesser heterogeneity of interests. In fact the so-called rational choice theories posit that interest articulation by interest groups results in competition over goals at the national level. Goals are determined through bureaucratic politics where different fractions of public administration follow different sets of goals. Ministries of commerce have perhaps different goals in North-South politics compared to those pursued by ministries of development assistance. Or goals may be determined through organizational decision-making processes. In that process-oriented perspective where organizations outside as well as inside the public sector have a legitimate role in influencing and maybe even implementing policy, the organizations of voluntary movements and business and labour interests may be as influential as state agencies. In addition a society like that of Sweden has become highly internationalized.

The extent to which these two processes apply to Sweden in particular has been shown empirically. In the area of aid policy, the Swedish cabinet, Regeringskansliet, according to studies by Maktutredningen, has almost as extensive contacts with The Export Credit Board, humanitarian organizations and other internationally oriented organizations as it has with SIDA itself and with the Foreign Relations Committee of the Parliament (Petersson, 1989:182). The Cabinet also maintains more extensive direct contacts with, for example, representatives of foreign countries than it has through the Ministry of Foreign affairs.

Pluralist patterns of interest articulation are thus strongly entrenched in highly organized societies such as the Swedish one. But at the same time these societies have proven themselves to be highly capable of producing political consensus. Interest aggregation takes place through extensive negotiating between nationally encompassing organizations and in procedures which operate in a political culture oriented towards consensus-building and compromise. Extensive networks and well-developed consultation procedures exist to take care of these functions. The end result may be the setting of single and operational goals thus facilitating consistency between goal and action. Political compromise may thus produce the characteristics of a unitary nation-state in a given issue area. But very often compromise leads to linking goals which are not readily consistent with each other. Multiple goals may reduce rationality in behaviour. And if a single goal is produced at the end, what is achieved then is unity over some general goal, such as a certain volume of development aid, or poverty abatement, or sustainable development. What is more difficult is the actual strategy of action that follows from the goal.

The double movement characteristic of this type of political system - interest articulation by strong and encompassing organizations, interest aggregation through procedures and processes of negotiation and compromising - may offer advantages (and disadvantages) that go beyond the rationality problem. We reflect those briefly below. Also the system characteristic of the Scandinavian polities may produce not only different rationalities, but also a situation whereby actors place different emphasis on different stages in the sequence from goal-setting to implementation. Those who emphasise goal-setting may find it rational to arrive at consensus through compromising. Those who, on the other hand, emphasise implementation could find compromising irrational. They would tend to see a trade-off between consensus-making and implementation.

Both views were reflected among our group of respondents. One respondent explained the policy-making process as a deliberate consensus-making process: "We gave those who provided the funds what they asked for". According to him the main purpose of the policy documents was to mobilize support for the national consensus. For other respondents this process was the problem, not the solution. As one of them put it: "We were relieved whenever the process of the White Paper did not result in new policy goals being laid down." The battle over Swedish aid policy is very much a competition bewtween these two ways of thinking.

3.2 Conflict, Compromise and Consensus

Swedish aid policy is a history of swings and twists. Perhaps no other country within the OECD family (not counting the former military or fascist dictatorships) has gone through such changes in policy profile. Still considerable political consensus has been maintained. How

should this apparent contradiction be explained ?

We shall deal with that question by discussing the seven issue dimensions which were referred to above.[14]

3.2.1. Problem identification.

In many respects this is the most basic issue. A rational policy process must start with an understanding of development, an identification of the problem to be attacked. Thus the response with regard to the six other issues to be discussed should logically follow from a clear analysis of the problem.

But such an appreciation of the requirements of a rational policy process - to which we return below - is not necessarily always followed in practice. Other issues can be discussed with little or no reference to problem identification. One may consider two possible situations:

a) there is agreement on the problem to be solved, but disagreement over how to solve it, or,

b) there is disagreement on what is the problem to be solved and hence no agreement on measures to be taken.

We pointed out that the "Old testament" (WP 1962) identified economic underdevelopment as the problem, referring also to poverty, the North-South gap and the population explosion. Few of the subsequent White Papers discussed the issue very explicitly. In some of them, what one may refer to as the perceived causal relationship was changing. For example: in the pursuit of economic growth, is industrialization (in the way it was pursued) the problem rather than the remedy ? The response to such questions varied over the period under study according to which paradigm was prominent in the thinking of policy-makers, or according to which policy-makers had the most influence.

The discussion on the causes of underdevelopment has centred especially on two issues: whether the problem is primarily located at the level of the international system or the national domestic level; and whether the problem with respect to the practical execution of development strategies is too much state involvement or too much market economy.

In the development optimism period the focus was on such "modernizing projects" as

[14] Again our discussion is primarily informed by the WPs and our respondents, but we have also benefitted from consulting Fruhling, ed. 1986; Oden, 1985; and Stokke, 1976. The overview and reflections of the ODI group in its comprehensive survey of the literature on aid effectiveness has also been consulted, see ODI, 1993.

improving infrastructure and the public institutions and stemming the population explosion. Lack of proper facilities, institutions which were too little development-oriented, lack of education, and distortions in the use of available resources (population growth rate compared to availability of jobs, resources etc) were the main problems as identified during this period. In the development radicalism period, the adverse effects on development of existing international structures, and the lack of proper state autonomy were seen as the main problems.

The change of emphasis with respect to the two issues just referred to is perhaps most clearly seen when we move from the second to the third sub-period - from development radicalism to economic neo-liberalism. In the former, the problem was mainly located at the international level; and at the same time the operations of market forces were seen as part of the problem, the state part of the solution. During the latter, the third sub-period, the identification of the problem was turned upside down: the problem was more a socially irresponsible state (hence the emphasis on basic human needs that appeared late in the second sub-period and continued into the period) and an inefficient national, domestic economy.

During the present transitional period the identification of the problem appears somewhat blurred.

3.2.2. The volume target.

The need to increase the volume of Swedish development aid was a more or less constant feature of the 1960s and 1970s, until the 1 per cent of GNP target was attained in the 1975/76 budget.[15] Then it peaked and stagnated before starting to decrease in 1983/84.

Was the increase a result of solidarity ideals or pure altruism ? Such motives were probably decisive, but they were not sufficient to bring the aid volume target to the 1 per cent level. Criticisms, or at least questions were raised during the period of increase, from the general perspective of the tax-payer, from the perspective of the national economy (balance of payments), and from particular interests.

The increase that took place during the 1970s and which led to the volume reaching the 1 per cent target, was the result of an elaborate and well organized process initiated from outside the political system by altruist movements as well as from inside it by those who believed in the solidarity motive. The target by-passed the natural barriers set by budget constraints and competition from other demands of public policy, by being introduced on the agenda at the very top of the political power structure. This had important political and legal implications at one and the same time:

[15] In appropriations not in disbursements.

The 1962 WP laid the basis by supporting the resolution of the 1961 UN General Assembly to bring the target to 1 per cent, and the 1968 WP confirmed it. The issue was handled by the government as such and thus had the weight of the Prime Minister behind it. This limited the Finance Ministry's room for manoeuvre because the volume target became an issue that was handled "above" the ordinary budget process. Still, it was probably necessary to maintain consensus over the target goal by regular consultations with important actors outside the Cabinet. Most important were two: first the Liberal Party and the Center Party; secondly LO. During the late 1960s, the former took a strong stand on increasing the volume target, apparently more or less in parallel with similar initiatives within the SDP.[16] Several of the respondents stressed the importance of maintaining a multipartite agreement on aid policy, and not least the volume target, even during majority SDP rule. And the close link between the SDP and LO also dictated that LO concerns were taken seriously. The Association of Industries was less active and/or important as a partner in the process, but apparently the Minister of Finance, Mr. Sträng, was a major stumbling block - reflecting, as he probably did, not only the usual restraint of his ministry, but also reluctance on the part of some sections of the party.[17]

During most of the period surveyed the volume target has been subject to debate. Both the Left Communist party and the Liberals have from time to time suggested that the volume be increased more rapidly than the government wanted, or to a level higher than the 1 per cent target. After the actual volume dropped to below 1 per cent, the issue has been reopened. If it was important to have a Left-centre coalition firmly and solidly behind the increase of the volume target in the late 1960s, it was equally important to have it support the cut that was voted in the 1983/84 budget. Protests against the cut were strong and that was exactly the reason why the coalition had to be solidly behind the cut. Although there is no big constituency for any party on aid policy, it is vocal and strong enough to tempt opposition parties to break out and support protesters.

Several of the respondents made a point about bringing the volume target back to the 1 per cent it used to be. Apparently the target issue has ceased to be an issue "above politics" as it were, and has become part of the budget bargaining process. It is clearly also challenged by the wave of neo-liberal economics that has swept into Swedish politics, as illustrated, for example, by several strongly worded contributions at the beginning of the 1990s.[18] Here Sweden differs

[16] In a publication issued in 1968, the then party Secretary General, David Wirmark made a plea for a "radical increase of the assistance provided - a new Marshall Plan to combat poverty and hunger". See Wirmark, ed., 1968:10.

[17] Both Stokke, 1976 and several of our respondents confirm that the then Finance Minister played a restricting role, and that it was important for the position of the target both formally and politically that the decision be taken by the government in toto and in close consultation with the center parties.

[18] One which several respondents repeatedly referred to was Bo Karlstrøm. It may also be a sign of change that the journal Liberal Debatt of the Young Liberals in a special issue demanded that the 1 per cent volume target

from Norway where the volume target has not been questioned to the same extent, and the percentage was also higher throughout the 1980s and 1990s. In Sweden, it is commented that this difference is entirely due to Norway's "windfall profits" - its development of rich petroleum resources during that period.

The prospects for the 1 per cent target in Sweden are uncertain. If the neo-liberal economics period has come to an end, then there may be time for a renewal of the debate on the issue. But the period of transition appears to be an open-ended process as far as the target is concerned. The outcome is not clear. One precondition for bringing the target back to its former position would therefore be that it be taken out of that process. But would this require a change of government, and does a change of government necessarily improve chances for the target ? Is maybe more compromising with particular interests on other issues required, implying that the 1 per cent target will have to be linked to concessions on another issue. If so, would that be tying of aid ?

3.2.3. Recipient- vs. donor-driven aid.

This issue has apparently been among the most contentious in the Swedish aid policy debate.

Although great effort has been made over the years to define the issue as irrelevant or false and describe recipient-donor relations as harmonious, it comes up in several ways:

- To what extent should Swedish or recipient country views determine aid policy and practice, viz. the discussion on promoting democracy or not, on human rights, and on the balance between state and market economy, or simply views on how aid should be organized and implemented ?
- To what extent should the recipient countries themselves be left free to determine the contents of the aid programme; should one simply "write a cheque" because the recipient country could be trusted in making good use of the money it receives ?

The strong emphasis on solidarity during the development optimism period made the issue appear less important. Emphasizing solidarity appeared to imply that one resolved whatever conflict that might potentially arise between donor and recipient. During the autonomy, or development radicalism sub-period, the tendency was probably to argue for recipient-oriented aid but provided the choice of recipient country was the right one. The resolution of the present issue was thus made contingent on the choice of country (see para 3.2.5).

At the end of the first sub-period SIDA had gradually introduced the principle that aid should

issue be closed, apparently with a downward floating of the target in mind. See Liberal Debatt, 1991:3.

be given on conditions set by the recipient (Wohlgemuth, 1976). The principle was maintained during the second period, but at the same time strong pressure appeared to give more room for donor interests. This pressure may have resulted in reinforcing the recipient-orientation of aid as a guiding principle for SIDA (see next para).

As mentioned one particular source of donor-driven aid policy has been that of Swedish non-alignment or overall foreign policy. To some of the respondents it was quite logical, and totally rational, that aid policy should reflect foreign policy goals in general. This is perhaps not a very controversial sub-issue at this very general level of analysis, but it does raise controversies when its implications are being discussed. It may be rational for instance that another issue, the choice of recipient country, be determined by the political-ideological profile and position of the country and whether that profile harmonizes with Swedish perceptions of neutrality and non-alignment. But does that discriminate against other potential recipient countries qualifying for, and seen by some Swedish policy-makers as worthy of, receiving aid ?

During the 1980s, but starting at the end of the 1970s, there is a clear tendency to argue in favour of a harmony of interest between recipients and donor (that is Sweden). There is interdependence or mutuality of interest. At the same time, this is the period where demands for more democratic rule, more efficient bureaucracies, and greater respect for "civil society" matters such as human rights, are made more strongly. Some of the respondents said that Sweden made a mistake in not arguing more strongly in favour of such goals which were among the four basic guiding goals for Swedish aid policy from the beginning. With the advent of SAPs and Swedish support for the strategy, another element of donor-driven aid policy has been introduced on the Swedish scene.

3.2.4. Tying of aid.

Few issues have been more divisive than this one, and few have therefore created more activity to defuse tension and forge consensus.[19]

The "Old testament" made it clear that trade and investments, despite their value to economic development, could not be considered aid since they were "altogether conditioned by commercial interests". The actual implementation of the policy of separating aid from commerce appears, however, not to have followed automatically from the policy document. Implementation became an issue where the bargaining among various interests and a battle between strong personalities were decisive. Several respondents referred to former Trade Minister Krister Wickman, then Under-Secretary in Finance, as having set the line in the 1960s when he declared in front of the Federation of Swedish Industries that they should not expect

[19] See Fruhling, 1986 for several contributions on the theme, in particular Andersson, Jacoby, and Palmlund.

any help from the aid budget. Swedish industry should be, and was in fact considered, competitive enough to survive in the world market without such stimuli. But the role of Mrs. Ulla Lindström, appears to have been as great, or greater. She played a determinant role when the particularly strong emphasis on population control aid was introduced into Swedish aid policy. And she opposed the balance-of-payments argument for tying aid when the then Finance Minister, Mr. Sträng, wanted to introduce it "as the sole determining factor for the volume of Swedish aid".[20]

Tying was reduced from some 15 to just a few per cent during the period 1965-71. After that it climbed after a process of hard bargaining. Sträng is said to have changed a budget proposal single-handedly at the end of 1970 by entering a paragraph that opened up for tying. The action triggered strong reaction from, among others, SIDA. It may have been the reason why a few years later SIDA, in a way that apparently antagonized the Federation, decided against a proposal for industry-related aid. For years, relations between the Federation and SIDA were strained.

OECD/DAC keeps track of the practice of tying of its member countries. According to these statistics Sweden has consistently been among those who tied aid least. Over several years the official tying figure appears to have been around 20 per cent. There are, however, informal as well as formal tying practices. The former include "gentleman's agreements", bringing up proposals to use part of funds allocated over the aid budget to purchase goods or services in the donor country without there being any explicit written contract. It is often difficult to say when such practices are tying or are simply information offered in connection with ordinary market transactions.

The latter has been claimed to be representative of Swedish practices in recent years. SWEDECORP and SWEDEFUND, for example, are said to be following the "Wickman doctrine" of non-tying in their dealings with recipient countries. But several of the respondents made it clear that there had been a considerable activity associated with mercantilist tendencies represented by not only Mr. Sträng, but other officials as well. Some even suggested that the controversy over the issue of "mixed credits" during the late 1970s proved that the non-Socialists who then were in government, were more anxious to tie aid than the Social Democrats.

DAC has also issued the most comprehensive argument against tying of aid, an argument also repeatedly referred to in the Swedish debate. Again, those who have favoured tying in some form in Sweden have often done so under the impression that Swedish goods were competitive anyway and were thus not the object of the critique of the DAC. Still, that argument has not convinced other participants. Among politicians the Liberals claim to be the most consistent

[20] Her memoirs as quoted in Andersson's contribution in Fruhling, ed. 1986:38.

supporters of untying, whereas the SDP and the Conservatives (Moderates) had a more mixed attitude because, apparently, of their close relationship to the Federation of Labour and Federation of Industries, respectively. Some of the respondents, on the other hand, defended the tying of aid as a necessary side-payment to be able to implement the volume target. This was not the opinion of the non-Socialist government in 1976 when it cut the formal tying of aid but maintained the volume target.[21] On the other hand the governments that followed appear either to have practised a policy different from what they preached, or have had little control over tying practices as "the most significant breakthrough of commercial considerations in Swedish aid occurred under non-Socialist governments during the 1976-82 period; yet whether a Social Democratic government would have acted in a radically different manner at this time is an open question" (Jacoby, in Fruhling, ed., 1986:100).

3.2.5. Choice of recipient country.

This is another of the most controversial issues in the Swedish debate. It has been the subject of heated debate during some sub-periods, but in particular during the period of development radicalism. After Swedish ideas converged towards the ideology of the SAPs in the 1980s, there has not been much debate over the choice of countries. Critical remarks have been more frequent with regard to decisions on country choice made during previous sub-periods.

The controversy has been most visible in cases such as Vietnam, Cuba, Nicaragua and some others. For reasons which have been explained above, these are often considered the favourite examples of Socialist development strategy. A strong group of influential persons on the Left including in policy-making circles of the SDP, was actively engaged in channelling Swedish aid to these countries during the development radicalism period, but even before it. They sometimes appear to have decided to name a new recipient country without consulting SIDA; in other cases opposition was overruled. But this may have been true only for a period. The normal case appears to have been that those who wished to initiate a new country would bring the proposal to the Cabinet, to the Foreign Relations Committee or to the SIDA Board and then get it through by compromise. Thus Parliament decided to have as a matter of principle a choice of countries with different political systems (downgrading the importance e.g. of democracy). And to make bargains: one country with a Socialist inclination would be selected in exchange for a country with a more liberal or centrist line.

This tendency to make compromises appeared in many, but not in all cases to have reduced the tendency for a new government to replace "controversial" recipient countries. Once chosen a country tended to remain.

[21] Jacoby, in Fruhling, 1986.

3.2.6. Targetting particular groups and/or sectors in recipient countries.

On the first part of this issue - the choice of groups - there is little apparent controversy. The White Papers do not reflect any intense debate on the issue, neither do our interviews. However, two aspects of an ongoing discussion become apparent:

First the emphasis throughout on targetting particular groups or categories of recipients in developing countries has become more pronounced during the 1980s. In particular women are singled out as an important target group. This partly reflects the extraordinary strong emphasis on population control which has always been an element in Swedish aid. But it also probably reflects the increased influence of women in Swedish politics.

Secondly there is a growing feeling that the emphasis on particular recipient groups is unfortunate and should therefore cease. Several of those whom we interviewed felt that this policy is particularly advanced as a result of domestic pressure in Sweden. They felt that this practice unecessarily split up aid programmes.

As far as sector choices is concerned, controversies appear to have been more heated. One issue that was controversial at several points was the importance to be attached to industrialisation as opposed to for instance supporting agriculture, or to education as opposed to the import of hardware technology. As many participants in the debate on proper aid strategy must have realised that Swedish aid could not be an across-the-board, all sector aid policy, but would have to be used strategically (or in a division of labour with the activity of other aid donors), the issue apparently often caused serious debate within the policy-making institutions including SIDA.

3.2.7. The organisation and administration of aid.

Although this has been a continuing matter for debate, it is less easy to link specific views on this issue to particular ideological positions. Also some of the issues that have been raised under one of the previous six points relate to this seventh issue. We propose thus to review it in the next chapter (chapter 4).

It may be worth noting, however, that some of those interviewed suggested that organisational issues were sometimes used to cover up for other more politically sensitive issues. Thus commissions to study and propose on matters of organisation were set up when, according to some of our respondents, there ought to have been a discussion of more basic issues. Also the agenda of the SIDA Board and other institutions dealing with aid policy formation was often

too preoccupied with organisational and administrative matters to allow for discussion of the fundamental policy issues.

This being said there were at times long discussions over administrative procedure and form such as over the issue of whether or not to keep industrial aid under SIDA or not, or over issues of representation. Apparently one issue that caused some friction was which institutions should be represented on negotiation teams in the IMF and the World Bank.

3.3. Ideological tendencies and policy profiles.

Among those who think more systematically about ideas on development, that is attempt to maintain a comprehensive view (supporting a particular "paradigm" or school of thought), the following more or less distinct positions may be identified:

Individualistic altruism

Persons belonging to this position would emphasize moral and ethical motives for aid and focus on the individual as recipient of aid. This is the missionary Christian approach, but it could also be an important part of the rationale behind the BHN idea.

Reflecting on the five main goals for Swedish aid, this position is strongly oriented towards poverty eradication, but it also emphasizes social equality rather than economic growth, democracy as much as or more than national autonomy, and it has certainly adopted environmentalism (but concern about the environment is not for this position only).

With regard to the seven key issues this position is probably the one that comes closest to a truly recipient-oriented attitude: it would favour untied aid, targetting the poorest groups, and be inclined to favour NGOs as channels of aid (but not exclude the public channels, at least not SIDA on whose support NGOs are very dependent).They would not be as preoccupied with the choice of country as the other positions.

This position is typically that of the Christian aid activist, is found in parties in the centre, in particular among the christian democrats and the social liberals. Recently there is probably a tendency for this position to split in two with regard to priorities: one line favours long-range measures (education, competence-building, employment), the other short-range measures such as hunger relief aid.

Leftist activism

Persons belonging to this position would typically be ideologically and politically on the Socialist left, would be led by dependencia thinking and reflect anti-imperialist perspectives. They would be rather structuralist and deterministic in their view of North-South relations and the effects of the trade and finance system on developing countries. They are typically the ones who believe strongly in the autonomy goal.

For them this means building a strong state in the recipient country, or chosing recipient countries with a strong state. Democracy for them would come automatically as a result of successful autonomy struggle and through mass mobilization. They would be less concerned with growth and environment considerations (although it could be said that this position is as oriented towards economic growth as the two remaining ones and definitely more so than the altruist position).

This position would shy tied aid and indeed increased trade which is seen as inherently imperialist, except when it takes place with Socialist-oriented countries. The choice of recipient country is thus very important for this school. It would typically oppose channelling aid through private organizations except the solidarity committee which they typically support. It would look at the recipient end as states (and collectivities), not in terms of individuals.

In Sweden this category has traditionally covered the Swedish Communist Party and the left of the SDP as well as other leftist and activist groups.

Economic liberalism

This position believes in the importance of "getting the prices right". Less categorically formulated the persons belonging here would tend to believe in the virtues of the market and of private enterprise. They would tend to favour economic growth as a priority goal.

This position should not entertain any preference for donor- or recipient-driven motives or for targetting aid on any particular groups except when a particular policy is seen to support economic efficiency which is certainly much favoured by this position. For the same reasons it would emphasize private investment over public aid. This position reflects the views associated with the IMF and largely also the World Bank.

The position is represented by some politicians of the Right and the centre and by journalists, but above all by persons in public and semi-public institutions. The "privatization" of part of the aid channelling to institutions like SWEDECORP is an example of the increased influence of this position during the 1980s.

National interest (mercantilism)

In a broad view of this position it represents a strong and consistent emphasis on Swedish national interest - as those who belong to it define the term at any given point. It emphasizes aid as an instrument of Swedish foreign policy, both as a means of enhancing Sweden's prestige and as a means of consistently following up the policy of non-alignment. In a special version it emphasizes the role of aid in building international security and peace.

It could be sympathetic to recipient country autonomy, but at the same time to forge close alliance with particular countries in the South that would serve long-term Swedish interests, both political and economic. It would tie aid if that serves the Swedish economy. It would in other words pursue a policy line that could be defined in terms of Palme's "active non-alignment" concept. It would promote Swedish commercial interests. Or it would do both at one and the same time. It is a position of self-interest, but maybe "enlightened self-interest, as it would probably be posing the substance of the relationship with developing countries as one that is in the mutual interest of both.

This position clearly is the most influential of the four identified here. It derived its strength from several sources: it was the position held in much of the Ministry of Foreign Affairs and in Finance under Mr. Sträng (for the economic part). It allowed for more compromising than the others; and it was therefore the one position that was commanding enough public support to make itself influential.

3.3.1. Ideologues and pragmatists.

In practice decisions on concrete policy outcomes will often reflect coalitions among two or more of such positions. Although the last one has clearly been the most influential, other positions may have influence on particular issues and during specific periods.

One major cause why these positions in actual political practice often combines is the role played by the pragmatists in the political and administrative system. If the four positions described above represent the ideologues, the pragmatists would be those in the parliament, in the Cabinet and indeed in the bureaucracy who hold no strong belief on preferred ideas, but would rather prefer to be informed and decide on a case-by-case basis. The pragmatists play a role in making for compromising, by "swinging" their votes to ally with the one ideological position which appears to have the better case, or maybe the strongest public support, on a given issue. In a polity like Sweden such alliance between pragmatists and ideologues is absolutely possible and - for those who strongly believe in the virtues of consensus-building

according to the Nordic model - a logical process.

The role of the pragmatists should probably not be overestimated. We have argued that the case of Sweden is one where ideological issues have been prominent in the aid debate, perhaps more so than in most other OECD countries, and that the swings and twists of policy can be largely explained by this factor. This being said the pragmatists have at points played the role of the middle-man or the honest broker when controversy between some ideologically based positions has been high. Their role as such has been helped by a belief that appears to be quite widespread among those whom we interviewed: that it is indeed rational to have as large as possible political consensus behind Swedish aid.

Under ideal conditions pragmatists are more inclined to be receptive to information that affects the basis for policy-making fundamentally. During the last part of the 1980s and early part of the 1990s two trends appear to change the fundament on which rests the "Washington Consensus". One is the "softening" of SAPs to take account of social and environmental considerations in development aid programmes; this tendency has been seen in the World Bank for some time. Another and related tendency is the emerging consensus in the research community that the socalled development "Success stories" of modern times, the South East Asian countries is explained not as the work of laissez faire economic policies but as the result of mixed economy policies. The state has played a prominent role in these cases. Furthermore the domestic market has been crucial in providing the basis for the growth strategies; they have not been primarily export-led growth cases. The combined insight into the history of these "success stories" and into a range of other information has provided what is now a solid basis for a new strategic conceptualization on the relationship between the state and the private sector in development (OECD, 1993; SIDA, 1993). Practically all those whom we interviewed were aware of the policy-oriented research that was going on in SIDA and welcomed it as a possible new basis for not only renewed consensus, but a partly new paradigm.

4. IS SWEDISH AID RATIONAL?

The foregoing analysis has focussed attention on the process of policy-making in Swedish aid: the link between ideas about development policy, differing interests and priorities, and the specific policy outcome. This process is one which involves consensus, compromise and - perhaps - contradiction. The result may be policies which are far from optimal. (They may even be, in some sense of the term, irrational. See Annex 1 for details of how we interpret the term "rationality" for the purposes of this report). First, however, we focus only on the officially stated overall aim and five goals of Swedish aid policy.

4.1 The Overall Aim and the Five Goals of Swedish Aid Policy

In this section we do not challenge the motives for Swedish aid, or its overall goal - but focus on consistency in Swedish aid policy, as currently stated. Thus, the central issue may be summarised as follows: **given that the aim of Swedish aid is to raise the standard of living of poor people, are the stated policies consistent?**

Swedish aid policy consists of five specific goals, which are translated into detailed action through the White Papers. The analysis in this section is therefore divided into two parts, first focussing on the five goals, and then on the White Papers.

The five goals of Swedish aid, which have been briefly referred to above, are as follows:

- Economic growth: to contribute to increased production of goods and services;

- Socio-economic equality: to help reduce differences between rich and por and to enable recipient countries to meet the basic needs of all their people in respect of such things as food, health services and education;

- Economic and political independence: to enable the countries to make their own decisions about their economy and other matters and to create the conditions necessary for independence and national self-determination;

- Democratic development: to help bring about conditions that give people greater influence over development on local, regional and national levels;

- Environment: to contribute towards the sustainable use of natural resources and protection of

the environment.

a) Logical consistency with the overall aim

Do these five goals follow logically from the overall aim? The answer may be very briefly summarised as follows:

Economic growth and socio-economic equality: Clearly both these will lead to improving living standards of poor people - especially if they are combined.

Economic and political independence: These need not necessarily follow. Some poor countries might benefit economically from being more dependent than they at present are. "Dependent development" is acknowledged to be a logical possibility even if it is thought to be inferior to autonomous development.

Democratic development: This need not necessarily follow. Some countries with authoritarian regimes have achieved reductions in poverty. There is a continuing and unresolved debate on this issue - which is not to deny that democracy is a desirable end in itself. (See Sørensen 1991; and Gibbon, Bangura and Ofstad, 1991).

Environmental sustainability: This need not necessarily follow from the overall aim of Swedish aid. Countries can, in the short run, benefit economically from policies which are bad for the environment. Since the overall aim refers only to "poor people" without mentioning present or future generations the issue is, in principle, open.

In summary, not all the goals necessarily follow logically from the overall aim. However, none of them clearly does not follow.

b) Mutual consistency between the five goals

A rather more challenging question is whether the five goals are consistent with each other. There are many possible or demonstrable inconsistencies between them. Contradictions between economic growth and other goals have in effect just been discussed. Among the others, some other examples of conflict are:

Between goals 2 and 3. Economic and political independence may not necessarily lead to economic and social equality, which is why some donors consider it necessary to impose conditions on aid. (Several of those interviewed suggested that this had been an important problem in Swedish aid).

Between goals 4 and 5. Democratic development may not lead to good environmental policies, as is evident from the difficulties encountered in democratic countries in passing strong environmental legislation (in USA, to name only one example).

c) Equality or Priority among Goals

A more difficult question, as noted earlier, is whether some of the goals have been over or under-emphasised. It is not stated that the five goals should have equal weight. In fact, as already noted, one White Paper explicitly stated the contrary. One of those interviewed suggested that not enough weight had earlier been put on democratic development, but that this was now being rectified. And it is fair to suppose that the emphasis on environmental quality was less in the years before (in 1988) this was added to the original list of four goals. Our general impression, however, is that all five goals are at least reflected in the White Papers; certainly none is glaringly absent.

Thus our broad conclusion is that there are no stark contradictions between the five goals stated, and none of the goals has been clearly ignored. But this is a slightly mechanistic, timeless analysis. To connect more directly with the complexity of real life, it is necessary to link the analysis to the policy debate in Sweden; and, more specifically, to the seven key issues identified earlier.

4.2. The Policies Adopted

The policies adopted for Swedish aid are spelled out in much more detail in the annual White Papers. In order to analyse these, we have found it appropriate to take as a starting point the seven key issues which were identified earlier (in section 2.3). We may consider each in turn.

a) Identification of the central problem to be solved:

Unlike the other issues, this is concerned with the basis - empirical and analytical - which underlies policy choices. It would be unrealistic to suppose that there is one single and accepted "correct" analysis of the causes of poverty and one single "correct" model for how to relieve it. Although all those involved in the aid relationship learn from experience, there will always be differing diagnoses and prescriptions.

In the past a crucial issue - perhaps even the overriding issue - has been to what extent poor

countries can increase their power or at least their autonomy; whether it is possible for a poor country to either exert influence on, or delink from, the international economic system. To judge both from the White Papers and from those interviewed, this is no longer an issue. There is today broad agreement that the New International Economic Order is dead. There is also broad agreement that there is little alternative to accepting structural adjustment programmes, although opinions may differ widely as to whether the analysis which underlies these is correct. It appears that the relevant question at present is how to respond to the dominant paradigm, the IMF conditionality or what is sometimes loosely and maybe erroneously referred to as "the Washington consensus". Some of those we interviewed felt that Sweden could and should play an active role in questioning the underlying analysis, and modifying the policy prescriptions, of structural adjustment programmes. What was perhaps surprising, however, was that none of those interviewed argued strongly for an alternative "Swedish model"; none claimed that Sweden could offer developing countries an alternative economic and political model which had been tested and found successful. This is certainly a change from the 1960s and early 1970s where such beliefs were held by many. It probably reflects more than anything else the changing fortunes of the Swedish economy.

To illustrate (and justify) our conclusions on this very important point, it is appropriate to quote several of those interviewed:

"African countries followed a disastrous interventionist policy, for example in agriculture. There is a more balanced view (now) of the balance between state and market".

"SIDA staff are not happy with the recent changes, but it is evident that the 60s and 70s are gone for good".

"It is rather meaningless to provide social infrastructure if the economic policies are wrong. You have to realise the hard realities of economics. The difficulty is to do this without becoming cynical".

"I myself wrestle with what does it mean to be independent, self-reliant - in Nyerere's formula".

"In the 1980s there has been a gradual but very fundamental change - without domestic debate".

"There has been a pendulum shift (in thinking): from government prima facie right to prima facie wrong".

"Those who believed in development assistance also believed in socialism. But ..... Today, people maybe go too far the other way. Market economics is a tool, not an end in itself".

"It (Swedish aid policy) is much better than 15 years ago - but still not good enough. Improvements: no special respect for socialist governmnets; more respect (maybe too much) for market mechanisms".

"The Swedish model did not work in Sweden either: why should we export it? Even here the World Bank and IMF mean something".

"In late 60s, early 70s, we felt we, and others, had the power to be independent. Since early 80s we do not feel that independence. The basis has changed".

"Today the idea of independence seems a bit outdated. It is clearly impossible. Politically and economically developing countries are more dependent".

"The Swedish Model has not been so successful either as to allow us to pursue an independent line, or to allow us to recommend it".

The world situation has changed over the last twenty-five years, many lessons have been learned, and our understanding has increased. Although it would be wrong to suggest that there is one single "correct" analysis of the causes of poverty and underdevelopment, what has, however, become very apparent is that developing countries have - in practice - very little room for manoeuvre, and Sweden does not have the power to significantly change this situation. Although this appears to be very widely accepted, at least among top-level decision-makers, two related concerns emerged from the interviews: first, that there is a danger of going too far to one extreme, in advocating market-based development policies; second, that Swedish aid policy lacks a coherent and independent view on this issue. This links also with other issues addressed below, for example the relationship between donor and recipient country.

b) The volume of aid.

It is impossible to apply the criterion of rationality to the issue of how much aid should be given. One might offer a consistent argument against giving any aid at all. But if one first acknowledges that there is a need for aid, one must also acknowledge that the amount of such a need is hugely in excess of what Sweden could give - or even what several donors together are likely to give.

Domestically, there is competition for resources allocated by the public sector between different purposes, e.g hospitals, roads, and schools, and it makes some sense to relate the

"optimal" level of allocation to a trade-off, whether economic (maximum rate of return) or political (those who need schools vs those who need roads). But this argument cannot be applied to aid. One might try to link aid volume to, for example, other financial stocks or flows (such as international debt, or trade, or depletion of global resources). But even here it is not possible to justify a specific aid target in rational terms.

This is one of the reasons why the target of 1.0% of GDP matters. It is arbitrary but clear. And one justification of Swedish aid could be its multiplier effect - by increasing pressure on other donors. Globally, the Swedish government is not the only source of aid - indeed it is relatively insignificant. Two alternative responses to this situation could be argued: either, there is not much point in doing anything; or, Sweden, in addition to having a direct effect, can also have an indirect effect (by example, or by persuasion). In addition, and as some of those we interviewed pointed out, she may ally with other countries to maximise her effect. Nordic cooperation in the UN was referred to as an example.

The 1% target apparently still enjoys widespread public support in Sweden, and several of those we interviewed stressed that it was crucial to maintain this target, not simply in order to ensure that the aid budget was not cut, but also because a debate on this issue would create unnecessary conflict and divert attention from more important aspects of aid policy. To cite one of them directly:

"The 1% target is still important. Targets are so important in any political activity - financially not least."

But the broad-based support for this target has been achieved partly by making compromises with regard to key issues of aid policy, as indicated under some of the following points.

c) Donor-driven or recipient-determined aid.

The debate on this issue has focussed on such questions as land-programming, and the nature of the relationship between donor and recipient country. There are two very different reasons for favouring donor-driven aid: doubts about the reliability of the recipient country's government, and a desire to ensure that Sweden itself benefits from aid. On the first point, several of those interviewed indicated how thinking had changed over time:

"In 1962 there was no idea that governments might be authoritarian".

"One major mistake: we believed too much in recipient countries' ability to plan and implement on government level".

"What about Africa? There the governments have perhaps least significance".

The second point is discussed under "tied aid" (next section).

Varying motives, and an ambivalent attitude towards the government of the recipient country, are two of the main causes of inconsistent policy. This is a point of crucial importance and is discussed at more length below.

d) Tied aid.

This has been a continuing matter for debate concerning Swedish aid policy. That is evident from several of those interviewed. For example:

"There was a lot of pressure to tie aid".

"The degree of Swedish commercial interest was a matter for discussion - all along. .... Swedish business was interested right from the start in selling services to International Organisations".

As we have shown above, it also emerges clearly from the White Papers. It is well known that it is not easy to maintain the quality of aid under these circumstances. This is not often stated explicitly in the White Papers, though there are a few instances, for example, concerning a proposal from SIDA to increase the share of Swedish goods and services in both bilateral and multilateral aid:

"The increase should occur, inter alia, at the cost of untied import support. But this must not imply that one departs from the basic principles of aid policy or in other ways reduces the quality of aid." (1982/83)

"It has been found difficult to reach the most disadvantaged groups in Bangladesh in an effective way with a substantially increased aid. In addition it is difficult to find suitable Swedish goods at competitive prices under the tied import support." (1986/87: 77)

These two quotations give some hint of the very well-known dilemma, of trying to reconcile the objective of "good aid" with that of benefitting the donor country; a dilemma which has resulted in many cases of demonstrably bad aid.

Although one can understand the motive of furthering Swedish commercial interests, it is

worth observing that if this is the objective, then using the aid budget is a very ineffective means. One can therefore say that from the point of view of Sweden as a whole, any such compromise is far from optimal. From the point of view of those who wish to assist Swedish exports it is of course rational; and they exert some influence over policy - hence the need for compromise. (But, as one of those interviewed put it, it may be as logical from the point of view of the Minister of Finance to tie the use of Swedish social security payments to purchasing Swedish goods and services).

A subsequent question is: if it is necessary to compromise, is this the best way to do it? Several of those interviewed stated that there was a close link between satisfying Swedish commercial interests and the establishment of alternative channels for aid, although they differed in their opinion as to whether, for example, BITS and SWEDECORP were specifically established for this reason, or should serve this function:

"(There is) a demand for a link between Swedish aid and exports: but the role of BITS and SWEDECORP should not be to keep Swedish companies happy".

Some suggested that channelling funds to Swedcorp has served as an effective means of at least partly resolving the dilemma of satisfying different interest groups:

"(In the case of BITS): with 1 billion kroner you gain support for the other 12 billion".

Perhaps this is the case. The question is further debated below.

e) The choice of recipient country

It is not for us to judge the choices that have been made in themselves - only in terms of their consistency with motives and objectives. The logic of the argument may be confused. For example, should one provide aid to those where the prospects for improvement are best - or worst? Should one assist authoritarian countries - in order to exert pressure on the regime, or directly assist the disdavantaged - or avoid such countries altogether?

What is clear from our study is that with regard to the choice of country there has been a great deal of compromise, resulting in both a proliferation of countries, and a lack of clear criteria for their selection. (The White Paper of 1977/78 on choice of country provides just one example regarding the latter: "First and foremost the countries that have greatest need ... Other factors ... possibility to contribute to a social development in a democratic direction.")

In some cases compromise between differing political interests has been achieved by including

support for two (or more) very different types of regime, on the basis of very different selection criteria. Attempts have been made over the years to reduce the number of recipient countries, but these (to quote one of those interviewed) "miserably failed". In all developing countries of the world there are large numbers of people in need. Clearly this alone is not sufficient basis on which to determine priorities, and as a result the question of choice of country is one which is especially fraught with inconsistency and (possibly damaging) compromise.

f) The choice of target groups and/or sectors within the country

In broad terms, the target group in each country is the poor. But there may be very varying views (with or without strong empirical foundation) as to the relative needs of specific disadvantaged groups: for example women, children, the physically or mentally handicapped, ethnic minorities, dissidents, etc. Support for the 1% target, and other more specific aid policies, may be dependent - or thought to be dependent - on placing a special emphasis on specific target groups. Although this point did not emerge strongly from our interviews, it was suggested that while government is most interested in the choice of countries, parliamentarians are often interested in other questions, because of special concern with, for example women or the handicapped, and that those designing aid policy had to take account of "special interest" groups to some extent.

Such may also be the case as we move to the issue of choice of sectoral emphasis. In theory there are two possible ways to approach that issue. One is to decide whether or not to make a sectoral choice or not. If a choice were not to be made, then the main reason would be that a rational aid strategy needs to adress itself to a comprehensive approach. The emphasis that was once placed on "integrated development" could be used as an example. But many participants in the Swedish debate probably reflected the view that was referred to above: as a small donor Sweden cannot possibly do an across-the-board, an all-sector strategy, but would have to make a choice.

The second way to approach the issue would then be to discuss which sector(s) to give priority. Here there are at least two different views both of which are represented in the Swedish case (as probably in other donor countries). One would give priority to concentrating on sectors which would be most likely to offer an immediate positive effect on a priority goal or group, such as poverty alleviation by concentrating on water supply development, basic education, housing for the poor, or hunger relief. The other approach would favour the long-range view on national macro level development. It would advocate a concentration on restructuring and/or balancing the economy, higher education, infrastructure, and so on.

It is difficult if not impossible to generalize as to which among these are the more rational choice; this would depend inter alia on the country concerned, on its stage of development or other particular characteristics. Maybe it could be said - and this does not apply only to Sweden but to other donor countries as well - that too little emphasis has been made on making choices country-specific, not as a matter of generally applicable strategy.

g) The organisation and administration of aid.

There has long been discussion, in the annual White Papers and elsewhere, about the merits of alternative ways of organising and administering aid. On the organisational side, perhaps the major issue has been the division of tasks - between SIDA, SAREC, SWEDECORP and BITS. In this study, we have not been asked to analyse these issues; they are, in fact, the subject of other reports. (The issues have, of course, arisen on a number of occasions. And some have argued the merits of having distinct organisations reflecting different aims and responding to different demands - see "Tied Aid" above).

Concerning the administration of aid there are innumerable choices to be made. In addition to those already mentioned above, there are:

- alternative channels (bilateral, multilateral, NGOs)
- alternative types (budget support, project aid, sector aid, disaster relief)
- alternative sectors (forestry, health, roads)

We do not have the empirical grounds for assessing whether Sweden's policies in respect of these choices has been "rational", if indeed it is possible to do so. And of course the actual implementation of Swedish aid inevitably diverges from the stated policies. We should therefore again underline that our study is not based on any fieldwork, or even archival material. There may be many glaring "mistakes" that have been made in the implementation of aid policies - but these are outside the scope of this study.

Thus, we do not ourselves seek to pass judgement on what type of aid organisation is appropriate, or the merits of alternative forms of aid. Our concern is with problems of a basic, structural nature - which are, however, manifested in relation to the preceding issues.

4.3 Structural Problems Underlying Swedish Aid Policy

From the foregoing analysis we identify three major, and interrelated, sources of structural problems in Swedish aid policy. First, there is an unresolved debate as to the causes of (and hence the potential remedies for) underdevelopment. Second, there are varying - and perhaps incompatible - motives for providing aid. Third, there are widely varying attitudes regarding the governments of the recipient countries. The first point has been discussed in section 4.2.a above. In this section, therefore, we focus on the questions of motive and attitude.(These emerged out of sections 4.2 b, c, d, e and f, and have implications for 4.2.g).

Generally, one may distinguish broadly between three main motives for giving aid: altruism, self-interest, and mutual interest. In the case of Swedish aid, the altruistic argument appears to have been more dominant than the mutual interest argument, and the self-interest argument has been far more muted than in the case of many other countries.

Altruism does indeed appear to be a major motive for Swedsih aid. Certainly the primary motive behind Swedish aid has not been to further Sweden's strategic or commercial interests. But, as noted earlier, and confirmed by some of those interviewed, Swedish aid has nevertheless been an important instrument of Swedish foreign policy. This complicates the issue of motive. Is it purely altruistic, or is it in some sense self-interested, to manifest international solidarity through aid? ("International solidarity is and shall continue to be the primary motive for Swedish aid." White Paper 1986/87: 55). Sweden was not merely a supporter of the non-aligned movement, she also had some ambitions to be a leading figure. (The dominant role played by Olaf Palme in this respect was underlined by several of those we interviewed). One might then argue that solidarity with poor countries was not merely a question of altruism, but also of self-interest, in this sense. We have chosen not to attach much weight to this view. Thus strategic self-interest has, in our view, not been a substantial motive for Swedish aid.

(There has, of course, as already discussed, always been a strong commercial lobby in Swedish aid. This has not been presented in the White Papers as a motive for aid, nor perhaps should it be. It has been argued that Swedish aid can also benefit Swedish exporters. Thus the quotation above that refers to "international solidarity" continues: "National interests must not imply that one abandons aid's goals or its quality. Aid gives at the same time positive effects for Swedish society ... stimulates exports .. good for employment ..." (1986/87: 55). This is an important complicating, and perhaps distorting factor - as discussed below. But it might be inaccurate to present this as a motive for aid; rather as a factor which may have to be taken into account in achieving the necessary consensus around aid policy).

What of the third possible motive: "mutual interest". In its earlier form, expressed for example

in the Brandt Report, the "mutual interest" argument was that economic growth in poor countries benefitted not only themselves but also rich countries, since this was a stimulus to trade (as well as conveying other global benefits), and there is some reference to this type of argument in the White Papers. A newer version of the "mutual interest" argument is now increasingly popular - expressed, for example, in the 1993 Human Development Report of the UNDP.

In Sweden, the "mutual interest" motive has not in the past been of predominant importance. But it may be especially relevant now, for if there are doubts about public support for aid, the mutual interest argument may be used to complement the argument based on pure altruism. If this is the case, it may be important also to recognise the potential pitfalls of the latest variant of this argument. (As expressed in the UNDP Report, the case for aid rests in part on the interest of rich countries in reducing drug trafficking, disease, terrorism and migration. Although this may be an effective way of increasing public support for aid, it may also be rather dangerous. It may also lead to strong inconsistencies, in relation to the role of the recipient govrenment. The UNDP Report also contains the recommendation that the "real interests of people, rather than those of the developing country governments should determine priorities". Yet, if a major reason for giving aid is to further one's own interest donors may need partner governments more than ever. To put the matter rather strongly, the north may need strong national governments in the south: to control migration, to clamp down on drug trafficking, to control the spread of disease across national boundaries. In fact, the needs of people in the south may not only run counter to the priorities of their governments, but also counter to the priorities of those in the north.

Turning from motive to attitude, we consider the third structural problem: the relationship between Sweden and recipient countries. This may be manifested in relation to the issue of "landprogramming" (the "delegation of decision-making on the basis of landprogrammes so that aid can be best suited to the recipient countries plans" (1973: 31)) which has been a matter of continuing debate over the years. Or it may be manifested in terms of aid effectiveness - another question that is very much on the agenda at present. ("Effectiveness in aid is concerned ultimately with what effect aid has on a country's development and the recipient countries' ability to receive and handle the resources effectively ... " (1992/93: 33). (One could, with some justification, argue that it is no coincidence that extreme concern with the effectiveness of aid coincides with uncertainty about some far more basic issues. In fairness, however, one should also note that this is not a new issue: it was referred to already in the 1968 White Paper: "Choice of forms and methods of aid must be subordinate to the aim of being as effective as possible in the recipient country. (1968: 138))

We suggest that Sweden's attitude to the governments of those countries to which they provide aid is very ambivalent. Although it is seldom explicitly stated, it is nevertheless the

case that Sweden has severe doubts about the reliability of many of the recipient country governments. This was pointed out by several of those interviewed - although it was also stressed that no government is fully reliable. What is clear is that Sweden earlier had unrealistic expectations of the governments of recipient countries, and that the issue of "good governance" has become a major issue for Swedish aid in recent years.

We should stress that there are several different ways in which the government may be considered "unreliable". It may be considered corrupt, incompetent, or simply so starved of resources that it cannot function effectively. Or it may have a set of priorities which are so different from those of the donor country as to threaten the main goal of Swedish aid: to assist the poor (if, for example, significant groups of the population - such as women, or religious or ethnic minorities, are discriminated against). And it may be important to distinguish very clearly between the politicians and the bureaucrats. If the politicians are powerful and corrupt, this may render the government unreliable, whether or not the bureaucrats are reliable. From "reliable" to "unreliable" is a continuum, with different governments located at varying stages along it; and also moving along it (in either direction) over time. (The issue of corruption is complex and controversial. Some have argued that corruption, if "well-organised" need not seriously threaten the effectiveness of aid in achieving its aims).

A distinct, but also important aspect of Sweden's attitude towards recipient country governments concerns their degree of independence. As noted above, the situation in this respect has changed considerably over the years. Many people (not only in Sweden) have been dismayed to discover that many developing countries have become no less dependent, and perhaps even more dependent - in economic if not in direct political terms - than they were thirty years ago.

It is ironical that the problems both of dependence and unreliability of governments are often partly caused by the very foreign aid that was intended to have the opposite effect. This remains one of aid's central "contradictions" (McNeill, 1981).

In summary, we suggest that Swedish aid policy is confused by its ambivalence to recipient country governments. It is widely recognised that these countries are, in fact, not very independent - but the implications of this conclusion are not fully followed through. And there are severe doubts, which are openly expressed to only a limited degree, as to whether recipient country governments are reliable partners. We have thus identified three aspects of aid policy which are of central importance in identifying sources of inconsistency in Swedish aid policy; and these three interact to both complicate and exacerbate the problem. The situation may be presented in the form of a matrix (see Figure 2). This figure - although of course a gross simplification - summarises the central dilemma for those dealing with aid policy today.

	A.	B.	C.	D.
Motive:	Altruism	Altruism/ mutual interest	Solidarity	Commercial interest
Perspective:	Various	Market -oriented	Radical	Various
Sweden's perception of the recipient country government:				
1. Reliable	1A	1B	1C	1D
2. Unreliable	2A	2B	2C	2D

Figure 2. Alternative Positions Regarding Swedish Aid

A,B,C and D represent simplified and idealised versions of those identified earlier (section 3.3).

This matrix may be related to the development of Swedish aid policy. It is our hypothesis that, over time, confidence in the reliability of recipient countries (as broadly defined here) has fallen, i.e a shift from line 1 to line 2. Largely because of this, but perhaps for other reasons also, there has been a shift in favour of positions B and D. (Ref the 'convergence hypothesis' of section 1.2 above).

What implications does this have for the form of aid that is given? By "form of aid" one could here include all the various policy choices identified above:

- alternative channels (bilateral, multilateral, NGOs)
- alternative types (budget support, project aid, sector aid, disaster relief)
- alternative recipient countries (Tanzania, Kenya, Vietnam)
- alternative sectors (forestry, health, roads)
- varying degrees of autonomy for the recipient government (country programming)
- alternative special emphases (women, environment)
- alternative institutions (SIDA, Swedecorp, SAREC, BITS)

Position 1A is the simplest aid relationship, where the motive is pure altruism and the recipient government is considered totally effective. In this situation it is sensible simply to provide

budget support, with no strings attached.

Positions 1B and 1C should not be so very different, but there might be differing views about the countries to be favoured (since poverty alone is certainly not an adequate criterion for selection).

Position 1D is rather more complex. If the recipient country is considered reliable, then this would imply that they are given a high degree of influence over how funds are to be used. Even if direct tying is not therefore likely, certain forms of aid might still favour Swedish commercial interests: for example, channelling more through Swedecorp or BITS, or favouring countries, or sectors, which are of more commercial interest for Sweden; and favouring project aid over more general sector support.

Position 2A represents a common situation today. Here a variety of different methods may be used to try and get round the problem of a recipient government which is considered unreliable. For example:

- channel more funds through NGOs, bypassing government;

- try and formalise a type of "aid contract" between the donor and the recipient country, specifying explicitly the rights and responsibilities of each in the aid relationship.

Position 2B would tend to favour stronger measures to achieve the same objective, for example:

- channel more funds through multilateral agencies, which may be more willing and able to exert pressure.[22]

- make Swedish aid itself more conditional;

- choose countries which are considered more reliable.

Position 2C is perhaps the most difficult of all, for the conflict is here on an issue of principle: should Swedish aid be used in a way which bypasses or undermines the state in the recipient country? It is difficult to find a way out of this dilemma, although some variant of the "aid contract" mentioned above may go some way towards a compromise.

[22] "In many instances the international agencies have been more successful than many bilateral agencies in establishing an active and fruitful dialogue with recipient countries on the direction and implementation of aid" (1982/83).

Another possible alternative (which has some relevance also for position 2A) is to initiate new forms and channels of aid: focussing on refugees, on conflict resolution, on providing assistance for democratic elections.

In position 2D commercial interests can be more directly favoured than in position 1D. Indeed, aid might be used directly for export promotion (although whether this should be counted as aid is debatable).

The matrix is useful for identifying some of the structural causes and consequences of inconsistency in Swedish aid, as a result of the interplay between different factors. For example:

- from attempts to satisfy, simultaneously, very different motives for giving aid;

- from doubting that recipient country governments are reliable, but not acting on this belief.

The result of these interacting factors is profileration and fragmentation of aid: many different countries, different channels, different sectors, even different policies. And this is not only a sign of confusion, it is also a weakness in itself. In some cases, it may be argued that a specific initiative is a necessary compromise, a small price to pay to ensure support for the 1% target or aid to a specific country. Several of those we interviewed, and those who commented on the Draft Final Report, emphasised how important it had been to secure support, and that this had perhaps gone too far.

"Regarding the volume target, quantity has often become the enemy of quality".

"The most interesting question is, to what extent the balancing led to suboptimisation, whereby we missed both goals when we were trying to reach two goals with one intervention".

From several of those interviewed, we received a strong impression that there was a need both for good policy analysis and a clearer and stronger policy direction:

"Ministry of Foreign Affairs should make the policies - but they don't. SIDA/UD infighting leads to lack of policy".

"There is a lack of defined Swedish policy today - we float along with the international consensus. (There is) little theoretical or principle discussion that is independent of Washington, Europe, DAC".

"(There is) a lack of courage. I said to (specified political party): why don't you give us

orders?"

"In Denmark they have a serious debate about aid issues. I do not recommend more interference from government in detail, but yes in policy. I would even favour clear instruction - even 'follow the Washington consensus'".

"The time is ripe for a radical rethink".

5. CONCLUSIONS AND RECOMMENDATIONS

What implications does this analysis have for Swedish aid policy? How could the process of policy-making, and the White Papers themselves, be improved? We still take it for granted that the overall aim of Swedish aid is unchanged - namely to raise the standard of living of poor people.

First, it is necessary to make it more clear where Sweden stands on certain key issues.

- The understanding of the underlying causes of underdevelopment, and the constraints within which poor countries, and Sweden, actually operate. A key issue here is to what extent - if any - developing countries are actually independent.

- On motive: Is altruism the only motive? If it is necessary to satisfy commercial interests, are there more rational (more effective) ways of doing so?

- On the reliability of recipient countries: Are many of Sweden's recipient countries in fact considered not to be reliable? (See section 4.3) If so, then it is important to acknowledge this and take the consequences.

Next, the merits of alternative forms of aid should be argued: alternative channels (bilateral, multilateral, NGOs), alternative types (budget support, project aid, sector aid, disaster relief), alternative recipient countries, etc. (see list above). These should be argued not a priori, but logically linked to the more basic points just specified.

These are broad conclusions emerging from our study. But how, more concretely, might Swedish aid policy analysis be improved? The following three concrete proposals are not mutually exclusive.

- **Change the form of the White Paper**

At present, the form of the White Paper implies that there is a clear logical order to the argument, with a series of decisions relating to budgetary allocations, each of which has implications for the next. Perhaps the form of the White Paper could be changed, so as to radically alter the built-in logic of the argument; or the White Paper might focus on a different issue each year (like the World Development Report or the Human Development Report). Certainly, to judge from the interviews, the White Paper does not serve as a basis for good

policy discussion:

"(The Proposisjoner are) a low-key survey of what is on the agenda just now".

"All the White Papers are much the same".

"The White Paper does not lead to radical discussion of issues".

"It is regrettable but not surprising that official documents like the White Papers do not expose goal conflicts and tradeoffs but in fact try to obfusctae them".

- **Change the process of debate and approval**

It is not within our brief to comment on the process of debate and approval through which the White Papers pass. Although it might in principle be possible to alter this so as to encourage more constructive debate it is perhaps not possible in practice.

- **Introduce independent analysis**

A third possibility, if the second is not viable, is to ensure that aid policy is subject to independent, well-informed scrutiny and debate. One way would be to establish a body (small, and not necessarily permanent) whose task it is to ask some of the sorts of questions that have been outlined here. Such a body should not be involved in detail, nor represent special interests; its primary task would be to ask the sorts of questions that have been addressed in this study, and identify weaknesses in policy which are so serious as to impair the quality of Swedish aid.[23]

[23] It should not carry out evaluations. This is a separate, though also important task, which may have little impact precisely because it does not feed back into the decision-making process.

It is worth noting, by way of conclusion, that it is not only aid that might benefit from such critical analysis. One might with some justification argue that aid is subject to far closer scrutiny than other public sector activities, and far greater demands are made of it - not only in Sweden but in many other countries too.

REFERENCES

Blomström, Magnus and Björn Hettne, Development Theory in Transition. London, Zed Books, 1987.

Dag Hammarskjold Foundation, Another Development. Special issue of Development Dialogue, 1976.

Fruhling, Pierre, ed. Swedish Development Aid in Perspective. Problems, Policies and Results since 1952. Sotckholm, 1986.

GATT. Trade Policy Review: Sweden. Geneve, August 1990.

Goldmann, Kjell et al. Democracy and Foreign Policy: The Case of Sweden. London, Sage, 1986.

Gourevitch, Peter F. Politics in Hard Times. Ithaca, Cornell University Press, 1976

Hettne, Björn, Development Theory and the Three Worlds. London, Longmans, 1990.

Hoselitz, Bert F., ed. The sociological aspects of economic growth. New York, Free Press, 1960.

Hveem, Helge, Avhengighet, industrialisering og utvikling. Institutt for statsvitenskap,kompendium 1993, 55 s.

Hveem, H. Det sårbare Norge. Utenriksøkonomisk politikk i en liten åpen økonomi. Oslo, TANO forlag, 1994 (utgis høsten)

Karvonen, Lauri and Bengt Sundelius, Internationalization and Foreign Policy Management. Gower, 1987.

Lundahl, Mats, Utveckling och ekonomi i tredje varlden. Stockholm, Universitetsforlaget Dialogos, 1987.

Maizels, Alfred and Machiko K. Nissanke, "Motivations for Aid to Developing Countries", World Development, vol. 12, no. 9, pp. 879-900.

McKinlay, R.D. and R. Little, "A Foreign Policy Model of US Bilateral Aid Allocation", World Politics, vol. XXX, no. 1, pp. 58-86

McNeill, Desmond, The Contradictions of Foreign Aid. London, Croom Helm, 1981.

Morgenthau, Hans, "A Political Theory of Foreign Aid", American Political Science Review, Vol. 56, no. 2, 1962 pp. 301-09.

Oden, Bertil, "Trender kommer och går men biståndet består", Rapport från SIDA, no. 6, 1985, ss. 12-16.

OECD, DAC, Twenty-Five Years of Development Cooperation. Paris, 1985.

Overseas Development Institute, Aid Effectiveness. London, ODI, 1993.

Petersson, Olof, red. Maktbegreppet. Stockholm: Maktutredningen/Carlssons, 1987.

Petersson, O., Maktens nätverk. Stockholm: Maktutredningen/Carlssons, 1989.

Petersson, O., Anders Westholm och Göran Blomberg, Medborgarnas makt. Stockholm, Maktutredningen/Carlssons, 1989.

Riksrevisionsverket. Analys av SIDA - Revisionsrapport. Stockholm, 1974.

Rostow, Walt W. The Stages of Economic Growth. Cambridge, Cambridge University Press, 1960.

Scharpf, Fritz W. Sozialdemokratische Krisenpolitik in Europa. Frankfurt, Campus Verlag, 1987.

SIDA, Redefining the Role of the State and the Market in the Development Process. S

Toye, John, Dilemmas of Development. Reflections on the Counterrevolution in Development Theory and Policy. Oxford, Basil Blackwell, 1987.

Williamson, John, "Democracy and the 'Washington Consensus'", World Development, August 1993

Wirmark, David, ed. Europe and the Developing Countries. Stockholm, Raben & Sjogren, 1968.

Wohlgemuth, Lennart, ed. Bistånd på mottagarens villkor. Filosofi och teknik. Stockholm, SIDA 1976.

Annex 1. "What do you mean by 'rational'?"

Introduction

The Terms of Reference for this study ask us to address the question: "Is Swedish aid rational?" We ourselves, and several of those we interviewed, asked: "what do you mean by rational?". We discussed this at some length, and it is necessary to make it clear how we have interpreted rationality for the purposes of this report. First, however, we should stress that we are here concerned with collective action. The concept of rationality may be applied to behaviour at the level of either the individual or the collective, but in this report we are clearly dealing with the latter - with all the problems that this implies.

Is aid policy autonomous?

Some link rationality with autonomy. In the context of Swedish aid some have argued, for example, that it has been strongly influenced by policies favoured by the U.S.A (whether for or against). But, if this were the case, it would be irrational only if Swedish aid policy were based not on an objective assessment of the validity of such policies but on antipathy towards, or empathy with, the U.S.A. We have not used rationality in this sense in this report.

Is Swedish aid policy an appropriate response to competing pressures?

Much of our report is concerned with trying to explain why Swedish aid policy evolved as it did: relating this policy to interests both within and outside Sweden. This is crucial for our understanding, and for making recommendations for future action. But to explain why Swedish aid is as it is - how the balance has been struck between these different interests - is not to demonstrate that it is rational. Therefore, although this is an important issue for us, we do not use the term "rationality" in this context.

Is Swedish aid policy consistent?

For us, in this report, rationality is primarily equated with consistency:

- consistency between the overall aim of Swedish aid and the five more specific goals;

- consistency between the five goals;

- consistency between these objectives and the policies adopted to achieve them.

The third of these is similar to what is sometimes known as instrumental rationality. ("The choice of actions which best satisfies a person's objectives"), and it is this type of rationality which is perhaps the most challenging in practice, for two reasons.

First, as noted above, we are here dealing with collective - not individual - action, so that the mix of objectives is much more complex. Second, the question of whether chosen actions will achieve the desired objectives is crucially linked to an understanding of the underlying causes of development and underdevelopment. If there were one single, acknowledged "correct" theory of development, then it might be possible to analyse whether proposed policies were "correct" or not. But given that this is not the case, we cannot test the rationality of alternative policies in such a clearcut way; we are again thrown back on consistency as our primary indicator.

Annex 2. List of Those Interviewed[24]

Göran Dahlgren, Advisor on Health Policies to SIDAs Director-General.

Lars Ekengren, Director-General, Swedecorp.

Andres Forsse, Former Director-General SIDA.

Staffan Herrström, Under Secretary of State, Office of Prime Minister, Liberal Party.

Lars Kalderen, Former Director General of National Debt Office.

Mats Karlsson, Advisor on Foreign Policy - Social Democratic Party.

Lennart Klackenberg, Ambassador, Former Under Secretary of State for Foreign Affairs.

Ernst Michanek, Former Director General, SIDA.

Bengt Säve Söderbergh, Ambasaador. Former Under Secretary of State, Development Cooperation.

Carl Tham, Director General SIDA.

David Wirmark, Former Member of Parliament - Liberal Party. Former Ambassador.

[24] Three more persons were not available for interviews on the dates of our visit to Stockholm.

Annex 3. List of those attending the meeting to discuss the Draft Final Report

Andres Forsse, Former Director-General SIDA.
Lars Kalderen, Former Director General of National Debt Office.
David Wirmark, Former Member of Parliament - Liberal Party. Former Ambassador.
Gøsta Edgren, UNDP, New York
Lennart Gustafsson, Director - Namnden for statliga fornyelsefonder
Torbjørn Jansson, Statskontoret (Swedish Agency for Administrative Development)
Magnus Liljestrøm, Press Secretary, SIDA
Carin Norberg, Head of Department for East and West Africa, SIDA
Bertil Oden, Nordic Institute for African Studies
Anders Wijkman, Director General, SAREC

From the SAU/SASDA Committee:

Sigvard Bahrke
Gudrun Dahl
Sven Holmberg
Torbjørn Pettersson
Marie Horn af Rantien
Bo Karlstrøm

From SAU/SASDA:

Claes Sandgren
Olle Edqvist
Enrique Ganuza
Lisa Lovin
Kerstin Sandling

Annex 4. Terms of Reference of the Study

ANALYS AV RATIONALITETEN I SVENSK BISTÅNDSPOLITIK

1. SYFTE

Studien skall belysa den svenska biståndspolitikens rationalitet och teoretiska grunder under perioden 1968-1993. Studien skall aven lamna forslag till metodologiska angreppsatt for att i framtiden granska rationaliteten i biståndspolitiken.

2. UPPLAGGNING

Studien skall framst bestå av en granskning av de svenska biståndspropositionerna under perioden 1968-1993. Utvarderna skall, med utgangspunkt från relevanskriterier, valja vilka propositioner från den samlade perioden som skall utgora underlag for analysen.

Studien ska analysera:

a) de utvecklingsteoretiska forestallningar och den problemanalys som ligger til grubd for den politik som forordas i propositionerna;

b) de ovannamnda forestallningarnas och problemanalysens anknyting till den internationella debatten om utvecklingsfrågor vid den aktuella tidpunkten;

c) overenstammelsen mellan problemanalys och forslag till politik i de berorda propositionerna.

Studien ska bygga på bistandspropositionerna samt intervjuer med i Sverige verksamma nyckelpersoner som svarade for bistandspropositionernas utformning.

Analysen skall exemplifiseras med material från propositionerna och intervjuer. Slutsatser ska sarredovisas. Utvarderarna ska forslå en enkel metodologi for analys av biståndspolitikens rationalitet i framtiden.

SUM (Senter for Utvikling og Miljø/ Centre for Development and the Environment) at the University of Oslo, Norway, was established in 1990. The Centre's research activities are interdisciplinary and concentrated in the zone of overlap of fields of the established departments of the university. An important aim of the Centre is to strengthen the link between analysis and policy.

Professor Helge Hveem is a Political Scientist with long experience in the field of Norwegian foreign policy, North-South relations and international development problems. He has also been involved in studies of international institutions, especially the United Nations. His publications include Det sårbare Norge. Utenriksøkonomisk politikk i en liten åpen økonomi.Oslo, TANO forlag, 1994).

Dr Desmond McNeill, Director of SUM, is a Development Economist with long experience - both practical and academic - in the field of aid. He has worked as consultant and adviser in over fifteen developing countries, for a range of different agencies including World Bank and British ODA. He has also been employed as an adviser to NORAD. His publications include The Contradictions of Foreign Aid (Croom Helm, London, 1981).