

Some developing countries, most of them in Africa, have had high levels of aid dependence - in excess of 10 per cent of gross domestic product, or half of government spending - for decades. There are widespread doubts whether this has been helpful. Last week there was a conference in Accra, Ghana, to discuss the matter. From the Campaign's point of view, there are two major objections to aid from first world governments to developing countries.

First world tax systems, despite being notionally related to ability to pay, are in practice only so for the poor and not-quite poor, who cannot pay for advice to enable them to exploit the loopholes in their countries tax systems.

The second objection is that development does not necessarily help the poor in the developing countries, any more than it did in Europe in the period after the industrial revolution. With each successive wave of technical development, from the advent of steam power, railways, internal combustion, electricity, information technology and communications technology, the productive power of labour was increased manifold. But it did not produce a commensurate increase either in wages or in the return to capital. Wages remained stuck at the minimum that labour would accept.

The end product was that landowners became very wealthy and a mass of poor grew up, who were unable to alleviate their situation whatever they did. The situation which was alleviated in just a few places, by social democratic governments. Even in the most successful of these, Sweden, the situation has been sliding back for the past thirty years and inequality is growing. The drastic Marxist attempts to deal with the the gap between rich and poor could only be implemented by establishing police states and terrorising the population. Marxism succeeded only in making everyone poor.

The persistence and intractability of poverty as economic development took place was predicted and explained by the neglected economist Henry George in his book *Progress and Poverty*. But unless developing countries acknowledge the problem and act on it, aid is a process for soaking the poor in first world countries, to enrich the privileged in the developing world. It is unlikely that his theories received a mention in Accra.