

The Australian Development Studies

NETWORK

newsletter no. 2

1 November, 1984.

Dear Colleague,

Warm greetings to Network colleagues. This Newsletter reports briefly on the symposium on 'aid and development' held in conjunction with the 54th ANZAAS Conference; the publication of the Reports of the Jackson and Goldring Committees; the relationship between the Network and the Development Studies Centre; the next Network seminar scheduled for December 12 covering practical approaches to overseas student policy; planned 1985 seminars for the Network; and a new face to help in developing and consolidating the Network.

The first Newsletter was well received, drawing only one critical comment that the reported discussion of the 1983 seminar on "Australian Universities' Relations with Developing Countries" did not specifically include political science and administration as disciplines which have made a significant contribution to development studies. In fairness to the people who attended that seminar, most would have acknowledged the importance of political science and administration as disciplines within development studies. Indeed, the World Bank's 1983 World Development Report devotes considerable attention to management and administration as critical bottlenecks in the development process.

Aid and Development Symposium

The theme of the symposium held on 17 May, 1984 in conjunction with the 54th ANZAAS Conference was 'aid and development: poverty alleviation or stimulus to growth'. The lead speakers who addressed the symposium were Professor Michael Lipton of IDS Sussex, Mr John Birch who is Chairman of the Australian Council for Overseas Aid, and Mr Neil Batt a member of the Jackson Committee and a former Deputy Premier of Tasmania.

Professor Lipton said that even though aid volumes were marginal, aid seems well worth having. Between 10% and 15% variations among poor countries in growth are associated with earlier variations in aid. The claim that aid depresses or decreases the efficiency of domestic savings is without scientific basis. While not all aid projects have been good, total aid performance has been adequate. The resulting higher growth in developing countries increases world-wide trade thereby fulfilling the requirement that aid provides some long-run return to donors.

While recent growth in developing countries is a marked improvement on the colonial period, the benefits of growth have not generally 'trickled down' to the poor. In India, the proportion of people below a fixed poverty line has not fallen significantly since the 1950s.

Donors since the early 1970s have increasingly claimed to redirect aid to the poor. Before 1968, only 5% of World Bank outlay went to small-farm development, urban slum upgrading, site-and-service housing, primary health care and education; in the 1980s, over 30%. Small-farm-orientated projects delivered over two-thirds of benefits to those in absolute poverty. While much poverty-focused aid has reached the poor, the poorest 10-15% - the assetless and landless - have gained little.

There is no evidence that projects 'better at reaching the poor' are either better or worse for growth than other projects. World Bank evaluations show some good and some bad projects in each area.

Mr John Birch called on the Australian Government to redirect Australia's aid program to target on the basic needs of the poorest people in developing countries. Mr Birch said this new direction would satisfy the humanitarian concerns of the Australian people as well as providing valuable insights into the needs and aspirations of people in our region. This human dimension has been noticeably lacking from past Australian foreign policy.

Mr Neil Batt said that without growth there can be nothing to distribute so that priority must be first growth and then distribution. The factors that create growth need to be the focus of attention and the role of the recipient country in affecting that growth must be seen as crucial.

Publication of the Reports of the Goldring and Jackson Committees

The reports of both the Committee of Review of the Private Overseas Student Policy (Goldring) and the Committee to Review the Australian Overseas Aid Program (Jackson) were released in June. Copies may be obtained from the Australian Government Publishing Service (AGPS) sales office in each capital city or through AGPS's Mail Order Department, GPO Box 84, Canberra City. ACT. 2601.*

No doubt you are familiar with both reports, but a few points are worth highlighting. The Goldring Committee recommended that overseas students form an integral part of education planning, and that the present method of regulating overseas student numbers through country quotas determined annually on an ad hoc basis be abandoned. Having identified factors causing a very uneven distribution of overseas students among higher education institutions, the Goldring Committee favoured a more even-handed approach and recommended that all such institutions work towards an overseas undergraduate enrolment of between 5-10% of fulltime places. Arguing that high concentrations of overseas students in certain courses can be counter productive for both overseas and Australian students, the Committee recommended a ceiling of 25% of overseas students in any one course. Postgraduate students, in the Committee's view, should be exempt from quotas and their admission determined by the institution concerned. The Goldring Committee was concerned to make recommendations which would lead to greater opportunities for overseas students, minimal loss of opportunity for Australians, a better distribution of overseas students amongst tertiary institutions, and a program which is easy to administer.

The Goldring Committee saw objections to the immediate and wholesale adoption of a marketing approach towards overseas students. These objections were that it would: be difficult for the Australian education system to accommodate a marketing approach for just one of several categories of students; undermine attempts to build a rational approach to educational planning in Australia; potentially endanger the maintenance of educational standards; and involve a perception that education is solely a commodity subject to the dictates of the market place.

* Goldring \$9.80. Jackson \$19.30 with mail order postage fees for both reports together varying from \$2.75 for those in NSW to \$8.20 for those in WA and NT. The nearest AGPS sales office can be phoned for further details on postage fees.

The Goldring Committee, after considering conflicting arguments, rejected the application of full-cost recovery to overseas students either within a regulated system or in a market-oriented system, and recommended a continuation of the Overseas Student Charge which represents a contribution to total costs with such charge being applied at a uniform rate for all undergraduates. The Goldring Committee's reservations about full-cost recovery were that: such a policy would generate adverse reactions in source countries that may damage Australia's foreign relations; the Committee doubted the capacity of large numbers of overseas students to pay full-cost; an expanded system of scholarships to ensure distributional equity would involve additional Government expenditure or diversion of aid expenditure which cannot be assumed to eventuate; there are administrative problems in determining full-cost; full-cost takes no account of non-quantifiable benefits to Australia with respect to foreign relations, trade, educational and exchange interests; and full-cost for overseas students would present almost insuperable problems to the planning of Australia's education system.

The Goldring Committee confined its recommendation for a regulated approach with partial cost recovery to mainstream education (i.e. degree and diploma courses) and recommended further development of the existing market-oriented full-cost approach in other areas such as non-formal courses and external studies.

Overseas students policy was, perforce, only one of the many issues considered by the Jackson Committee which could not go into the subject in the same detail as the Goldring Committee. The Jackson Committee, however, came to a very different conclusion and recommended a market-oriented approach and full-cost recovery with other policy goals such as equity and integration of the training effort into country and regional aid programming being pursued through a three-tiered scholarship system involving government to government, merit, and special scholarships.

The Jackson Committee wanted the \$70 million per annum hidden subsidy for educating overseas students to be made explicit, and redirected to expanding scholarships.* As full-cost fees paid by or through scholarships on behalf of overseas students would accrue to the tertiary institutions concerned, such institutions could create additional places

* Interestingly, the Federal Government has decided to declare explicitly this subsidy as Official Development Assistance. The 1984-85 Budget Papers state that the actual subsidy in 1983-84 was \$98.5 million.

without disadvantaging Australian students.

On the related subject of research, the Jackson Committee was struck by the lack of resources devoted to research on aid, economic development, and basic social development policy issues, placing Australia at a disadvantage among donors in the evolution of aid and development policies. The Committee, while noting the establishment in 1982 of the Australian Centre for International Agricultural Research, considered that development-related research should be funded in areas other than agriculture, especially given Australian expertise in the medical, pharmaceutical, mineralogical, urban and economic development spheres. The Committee recommended that the Australian Development Assistance Bureau establish a Development Research Grants Fund of at least \$5 million per annum.

The recommendations of both Committees are still under consideration within the Federal Government.

The Network and the ANU's Development Studies Centre

The Federal Government is prepared to assist in the expansion of development studies and research to better meet its needs for information, analysis and assessment and those of other agencies, both within Australia and in developing countries. The Development Studies Centre (DSC) is hoping to promote and participate in this expansion along with similar units and development researchers in other tertiary institutions. To the extent that the DSC takes initiatives in promoting such expansion, it opens itself to potential criticism of using its proximity to Government in Canberra to usurp for itself a national leadership role when it may be no better qualified to perform such a role than its peers in other tertiary institutions. The prospect of such criticism, unfounded though it is, is a small price to pay for the further strengthening of the Network. In fact, a conclusion of the 1983 seminar on "Australian Universities' Relations with Developing Countries" was that the DSC should originally be responsible for this Newsletter and organise, in collaboration with other institutions, periodic meetings on development studies. Mindful of potential criticism, however, the DSC will take specific steps to involve fully other units and Network people in its Network promotional activities. Seminars for the Network will generally be organised outside Canberra in collaboration with the host institution.

A small committee involving Network representatives from various institutions is proposed to act as a consultative group on Network activities, including the preparation of this Newsletter. Given that the staff skills at the DSC are mainly in the fields of development economics, agricultural development and demography, it is hoped that other units and/or persons within the Australian Development Studies Network will take up the promotion effort in such disciplines as medicine, earth sciences, architecture and civil engineering.

Next Network Seminar

The next Network seminar scheduled for Wednesday, 12 December, 1984 will focus on practical measures to increase and appropriately attune the training of overseas students in tertiary institutions without disadvantaging Australian students and without increasing the burden on the Australian taxpayer. The focus has to be on practical measures because, from a policy point of view, the debate on how to manage overseas students has bogged down on almost an ideological split between the welfare-oriented thinkers who see mutual advantage achieved through quotas with a continuation of below full-cost charges (a la Goldring) and the market-oriented thinkers who see tertiary education in part as an export service good priced at full-cost with an enormous and growing market potential (a la Jackson). The purpose of the seminar is to come up with practical suggestions which may assist those policy formulators within the Federal and State Governments and within tertiary institutions who have to consider the widely different positions recommended by the Goldring and Jackson Committees. The Network can act as an extremely well informed forum for discussing this matter. The seminar will involve a morning and afternoon session linked by an informal get-together luncheon. Speakers who are being invited to lead the discussions will be, firstly, people who have had practical experience in managing the expansion of overseas student numbers or in designing special courses and external studies; and secondly, people with a detailed overview of the issue because of their direct involvement with the Goldring or Jackson Committees. The DSC will prepare an issues-cum-action paper which speakers will be expected to address in order to keep the seminar sharply focussed.

Because it is important to ensure a good turnout of senior Canberra-based officials from Government and national organisations representing interested parties, this seminar will be run in Canberra

(the next three will be held out of Canberra). Further details on this seminar will be circulated shortly.

The DSC can provide limited financial assistance with travel to and from Canberra for this seminar. We would like as many Network people as possible to come, and therefore we are most anxious to learn which of you can arrange your own travel funding, either in part or whole. PLEASE ADVISE US ACCORDINGLY BY RETURN MAIL. This will enable the DSC to stretch its limited funds effectively.

Future Network Seminars and Symposia

Three seminar activities are proposed for the first half of next year - all to be held out of Canberra. In the wake of the Jackson Committee report, the 'aid and trade' debate has been rekindled in a tinderbox environment. A seminar on 'aid and trade' involving the Network, industry organisations, businessmen, trade unions, and Canberra officials may be most timely. Given the enormous policy and structural changes taking place within China, and the increasing trade and exchanges between China and Australia, a second seminar will focus on economic developments in China and their implications for Australia. A third seminar will focus on the market in developing countries for Australian consultancy services and will be provocatively framed to address openly the reasons why Australian consultants gain so little of the market. This seminar should provide a constructive interchange between the Network and Australian consultants.

New Face to Assist with the Network

The DSC has arranged for Tony Voutas to act for the time being as a liaison officer for the Network. Placing the liaison responsibility squarely on one person's shoulders should assist in the consolidation process of the Network. Tony is an old Papua New Guinea hand with subsequent experience in the policy offices of the Australian Development Assistance Bureau and the Asian Development Bank.

Network Contact Point

Future correspondence to the DSC on the Network may therefore be addressed to:

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or Telex AA 62694 SOPAC.

Tony Voutas' direct telephone line is (062) 49 3897 and messages
can be left per courtesy of the Centre Secretary on (062) 49 4705.

With warm regards.

A handwritten signature in black ink, appearing to read 'Tony Voutas', with a long horizontal stroke extending to the right.

Tony Voutas
Network Liaison Officer