Why Do Government Aid Agencies Die? A “Court Politics” Approach

Aid agencies are dying. The recent spate of deaths began with the unheralded abolition of NZAID in 2009. In 2013 the Canadian International Development Agency (CIDA), established in the late 1960s, was abolished and its functions incorporated into a Department of Foreign Affairs, Trade, and Development (later renamed Global Affairs). Later that year the Australian Agency for International Development (AusAID) whose international profile and reputation had grown significantly over the proceeding decade due to substantial budget increases, was abolished and its budget drastically cut. Most recently, the selection of Theresa May to replace David Cameron as Prime Minister of the UK, and the machinations around Brexit, has led to considerable speculation about the fate of DfID. DfID is by far the largest of the four and the implications of any change in its institutional standing and associated funding cuts would send ripples across the international development landscape.

This trend appears a recent phenomenon but the fate of aid agencies has never been secure. The UK has experimented with a range of administrative arrangements for aid over the last half a century. Likewise, the Australian aid agency has been abolished once before, in 1976. The U.S. Agency for International Development (USAID) has faced a series of abolition attempts and administrative restructures since its inception in the early 1960s. In each case the argument against abolition has typically been that aid is a distinct policy domain and governments gain by thinking through the issues separately from other policy areas, especially foreign affairs. Indeed, for advocates of autonomous aid agencies the effectiveness of aid policy is crucially dependent on this
institutional separation. Historically many European donors and also Japan have disagreed, placing development cooperation under the auspices of foreign affairs or trade departments. It would increasingly appear that this integration of aid and foreign policy has become the global norm.

The significance of these questions, both in relation to the impact they have on the quality of aid but also the correlation between agency termination and budget cuts, belies the scarcity of academic analysis about why aid government agencies die. This paper fills this gap. It draws on recent public administration thinking, and Rhodes’ (2011; forthcoming) “court politics” approach in particular, to explain the lives and deaths of the Australian aid agency over a forty-year period. The lesson for both scholars and practitioners is that any holistic understanding of the development enterprise must account for the complex relationship between the aid policy of individual governments and the domestic political and bureaucratic context in which it is embedded. If the way aid funding is administered shapes outcomes then understanding the “court politics” of aid matters.

To flesh this argument out the paper is divided into the following sections. First I consider why development theory has often been reluctant to evaluate the politics of its administration. Second I review recent public administration thinking about organisational termination and survival, and outline the merits of a “court politics” approach for the study of aid agencies in particular. Third I describe the data I have collected on the lives and deaths of Australia’s aid agencies. Fourth I interrogate the shifting contours of “court politics” of Australian aid over four decades. Finally I conclude by considering the general lessons that we can draw from the Australian
case and call on development scholars to take the “court politics” of aid more
seriously.

The Foreign Aid Dilemma: Humanitarian Aspirations Confront Democratic
Legitimacy

Scholars from all manner of disciplines have sought to grapple with why countries
give aid. Typically, this debate is characterised as a continuum, with altruism and
humanitarian aspirations at one end, and realist or rational imperatives at the other.
Most analysis concludes that a mixture of motivations compel nations to give aid (e.g.
Tingley, 2010, pp. 40-49; Hoeffler and Outram, 2011, pp. 237-250. See also
Schweizer, 2004, pp. 547-564; Lancaster, 2008; Van der Veen, 2011). For purists, this
creates a confusion of purpose that distorts the effectiveness. A common solution to
this dilemma is to create an autonomous aid agency that reduces the corrupting
influence of short-term diplomatic imperatives in particular. But, the need to
publicly justify the aid budget has meant that even when a degree of autonomy has
been achieved, government aid agencies are always in danger of being integrated
within departments of foreign affairs.

In the broadest sense, the explanation for this perpetually tenuous institutional
existence is relatively straightforward: aid generally lacks a strong political
constituency among the general public and so, perhaps more than any other area of
policy, decisions about aid are crucially dependent on executive discretion. This
pattern is especially apparent in Australia. Over time popular support for the
Australian aid program is said to have risen, from 72 per cent in 1994, to 84 per cent
in 1998, \(^{ii}\) and finally 91 per cent in 2005. \(^{iii}\) For the most part, survey respondents claim they support aid primarily out of a sense of moral responsibility, underscoring a widely held view that aid is an important symbolic representation of Australia’s place in the world. But, if we look deeper, popular support for aid is broad but shallow and based on a very limited understanding of how much Australia gives, what it is spent on, and the impact it makes. A 2010 World Vision survey found that most people overestimated how much the government spends on aid and four out of ten had no idea how much was being spent. \(^{iv}\) Moreover, the 2013 Abbott government decision to cut the aid budget and AusAID was widely applauded. \(^{v}\) This disconnect can be explained by the fact that Australians have few opportunities to see the aid program in action. But it also undermines the democratic legitimacy of the aid effort.

In the absence of popular support the form and function of the Australian aid program and its administering institution is entirely dependent on executive discretion. Bob McMullan (1989: 82), long time aid observer and Parliamentary Secretary for International Development in the 2007 Rudd Labor government, argued in 1989 that:

> until 1986 there was effectively a coalition of interest by the political leadership of all parties in Australia to support relatively uncritically, a large aid budget essentially being spent without the knowledge of the Australian people and certainly without underlying support of the priority which it was given.

Despite the fact that its fortunes have fluctuated considerably since, and that surveys indicate public awareness may have risen, McMullan’s observation that the form and
function of the program is effectively a leadership conspiracy still holds. This reliance on executive discretion means that both the aid budget and its administering institution are a hostage to political fortunes. The perpetual dilemma for those who believe in the purpose and value of government aid programs is how to respond to this combination of shallow public support and corresponding reliance on executive discretion in such a way that enhances the legitimacy of the aid budget and its administering institution (Wasserman, 1983, pp. 96-106). But, despite the practical significance of these questions, they have rarely attracted widespread interest among development scholars.

There are a number of reasons why the world of aid has been so reluctant to investigate the politics of its own administration. Most obviously, as the recent “political turn” (Carothers, and De Gramont, 2013; Hickey 2013) has highlighted, for much of its history the enterprise has primarily been technical in nature, driven by the ideas and imperatives of economists in particular. And, even though the last two decades has seen a dramatic shift in this focus, with emphasis increasingly given to the role of institutions and governance in facilitating development, this tendency remains (Leftwich, 2010, pp. 93-111). Or, when aid administration is studied, scholars tend to focus on aid policy “in the field” (e.g. Mosse 2005) rather than the offices and corridors of donor bureaucracies.

A more sinister view is that reluctance masks the fact that development bureaucracies have something ugly and shameful to hide. This is the premise of the literature inspired by Graham Hancock’s (1992) classic *Lords of Poverty*, the main thrust of which is that development bureaucracies are bloated, inefficient and self-serving.
entities who do more harm than good. A more nuanced version of this argument can also be found in Gibson et al’s (2005) book *The Samaritan's Dilemma: The Political Economy of Development Aid* which argues that aid agencies often generate a series of perverse incentives in the delivery system that lead to undesirable outcomes. It is also the subtext of much “critical” or “post development” thinking that disapproves of the way donors construct and perpetuate an image of development that is steeped in an ethnocentric, modernist view of progress that cannot and should not be achieved (e.g. Escobar 2000). These negative views about donor bureaucracy dominate what little literature there is on the administrative story of foreign aid. That is not to ignore a diverse body of scholarship, much of it historical, about individual aid donors such as DfID and CIDA (For example see Brown, 2012; Pratt, 1994; Morrison, 1998; Morrissey, Oliver, Smith, and Horesh. 1992; Ireton, 2013) or indeed Australia (e.g. Eldridge, Forbes, and Porter, 1986; Jarrett, 1994; Kilby, 1996; Kilby, 2007, pp. 114-129; Rosser, 2008, pp. 372-385; Hameiri, 2008, pp. 357-371; Carroll, and Hameiri, 2007, pp. 410-430; Davis, 2011, pp. 389-406; Corbett and Dinnen, 2016, pp. 87-103). But, much of this literature focuses on aid policy rather than administration and organisational change (Essex 2013 is a notable exception). By contrast, this paper explicitly addresses how domestic political imperatives and the choices of key decision-makers explain the fate of aid agencies.

*Explaining Aid Agency Termination: A “Court Politics” Approach*

Bertin Martens (2005) provides one of the rare attempts to theorise why aid agencies rise and fall. Following a rational choice logic, he argues that aid agencies exist to reduce ex-ante transaction costs and to mediate between the divergent preferences of
donors and recipients, thus reducing uncertainty for the former. This stylized explanation is supported by parts of the Australian story but, as we shall see, it struggles to explain both the lives and deaths of aid agencies. Moreover, aid agencies do much more than mediate between donors and recipients, and how they do so changes considerably over time. By providing an in-depth historical account of Australian aid, this paper offers a more rounded set of insights that chimes with the recent call too treat development as history (for discussion see Skinner and Lester 2012, pp. 729-747; Cullather, 2000, pp. 641-653; Woolcock et al. 2011).

To flesh out Marten’s explanation I draw on recent public administration scholarship on the relationship between organizational reputation and agency termination (e.g. Boon and Verhoest 2014; Carpenter 2014; Maor 2011) and Rhodes’ (2011; forthcoming) organisational “court politics” approach in particular. The significance of this recent thinking is illustrated by how it differs from traditional rational choice theories of agency survival that view the temporal risk to an agency in “monotonic” terms – that is, either increasing or decreasing in a linear fashion as it ages (e.g. Downs, 1967; Kaufman, 1976). More recent versions of this survival analyses reject this model in favour of an inverted-U function (e.g. Boin, Kuipers, and Steenbergen, 2010 pp. 385-410). Thus, the hazard of agency termination is low at birth, rises steeply in the years following birth, and then declines gradually in subsequent years. The favoured explanation is that organizations often confront a change of government and/or the dissolution of the birth coalition, soon after formation. At this stage, their support base is not well developed, leaving them vulnerable to attacks motivated by ideology and cost cutting. Agencies that survive this culling process get the chance to grow in size and build coalitions of self-interested supporters, such that when
opposition emerges again they are in a much better position to defend themselves. Parts of the Australian aid story support this view but for the most part the rational choice literature cannot explain this case.

To investigate the rises and falls of Australian aid over a forty-year period I adopt and approach that focuses on “court politics” and the beliefs and practices of key decision-makers in particular (Rhodes 2011; forthcoming. See also Savoie 2008). In contrast to the rational actor model, the phrase “court politics” draws our attention to the way ministers and senior civil servants see the world and act in it. The approach breaks from older functional analysis of the “core executive” that focused on formal positions and titles, and simplified assertions about the fixed nature of executive authority, to instead explore how individuals and groups manage relationships (for a review of the old functional view see Elgie, 2011, pp. 64-77). It does so by emphasising webs of actors, interlocking networks, the influence of key personalities (and clashes between them), the manoeuvring and strategising required to realise policy goals, and the intrigue and conspiracy that inevitably follows policy failures, budget cuts and changes in institutional structure. As outlined, this mode of inquiry is especially appropriate in the case of aid because the amount given, to whom it is given and how it is delivered, are rarely subjects of sustained public debate, or a decisive factor in parliamentary elections (Rosser, 2008 pp. 372-385; Davis, 2011, pp. 389-406).

The “court politics” lens is an important addition to existing scholarship on aid bureaucracies in development and humanitarian studies. As outlined, the idea that the development industry is run by a group of shadowy elites – the Lords of Poverty – is
not new, but rarely have critics of the enterprise deeply probed the views and reflections of these actors about their work (Roth, 2015, is an exception), nor engaged serious with the way their beliefs and practices shape institutional outcomes. The common assumption is that development is a unique or exceptional policy domain subject to its own norms and values. In some ways it is – the transfer of resources from one country to another for the purpose of poverty alleviation is a relatively recent and unique phenomenon – but, as we shall see, that does not mean it is immune from domestic political pressures and more general trends in democratic governance.

The meanings and beliefs of key actors are the causal drivers of the “court politics” story; actors are intentional agents who make consequential decisions. The history of the Australian aid program is nothing more or less than a sequence of these decisions. In retrospect, the backward glance of the historian reveals patterns in the way decisions are taken and understood. But, these patterns are in no way self-evident; they represent a narrative that I have constructed (see e.g. For example see Bevir, and Rhodes, 2006; Schwartz-Shea, and Yanow, 2013) to make sense of a series of events. What they do provide is a sense of the way actors, be they organisations or individuals, seek to control their fate (Dommett & Skelcher 2014; Wood 2015). A court politics analysis starts from the assumption that the existence of public organisations can never be presumed; agencies are never absolutely “legitimate” or “illegitimate”, rather relative legitimacy is both historically contingent and relational (Seabrooke 2006). The public sphere is thus made up of numerous dynamic “sites” or “settings”, each with their own constituencies, discourses, problem framings and interest coalitions. Actors seek to win legitimacy in each by performing a series of functions. But, successful performance does not simply mean an agency must fulfil its
task well (organisations are crucially engaged in shaping what functioning well
means). Rather, performances are successful when other actors in the policy
assemblage believe they are expressed legitimately or authoritatively. This
emphasis on managing perception is central to understanding the “court politics” of
aid (see [omitted]).

Methods and Data

Telling a history of how the actors involved in designing and delivering the Australian
government’s aid program see the world and the value of aid in it requires a particular
set of data sources. This project draws on public documents, in depth-interviews,
and archival material. Each source is virtually endless – there are more than 600
metres of aid-related files in the National Archives of Australia and literally tens of
thousands of people have worked for or with the Australian aid program over the
years – and so while the breadth of material analysed here is unique, I make no claim
to having read everything or talked to everyone. There are many different histories of
the Australian aid program that could be written and I cannot and do not describe
everything. Unashamedly this is my account based on data deliberately selected for its
illustrative capacity in relation to the questions and approach outlined here.

The public sources consulted include official reports and policy documents, annual
reports, budget statements, major reviews, Australian National Audit Office (ANAO)
reports and so on, as well as the reports of international bodies like the Organisation
for Economic Co-operation and Development’s Development Assistance Committee
(OECD DAC). Ministerial speeches, biographies, diaries, Hansard, parliamentary
committee reports and newspaper commentary have complemented these sources. I have cited these documents in the conventional manner where relevant but this only represents a portion of the material consulted. These documents tell the public story of Australian aid policy. But, to understand the “court politics” I needed to probe beneath the public account. I systematically analysed Cabinet’s decisions on aid, which are currently accessible up to the late 1980s. I also conducted more than 50 in-depth interviews during 2014-15 with ministers and senior public servants, working both inside and outside the aid program, who were involved in key decisions. Other important sources included the private papers of key figures and oral history interviews conducted as part of the National Library of Australia’s on-going project.

When analysing these sources I paid particular attention to the relationship between prime minister and the minister responsible for aid, the relative standing of the latter in Cabinet, and the meanings and beliefs of the minister about an autonomous aid agency. This focus echoes Australia’s Westminster system of government – these questions would have to be adapted in order to apply a “court politics” approach to parliamentary or presidential systems. It also recognises that the parliament generally takes very little interest in aid, as former committee chair of Australia’s Senate Standing Committee on Foreign Affairs, Defence and Trade, Russell Trood, reflected:

> The parliamentary Joint Committee has done many enquiries into foreign policy issues, but it has never developed a culture of wanting to do deep dives into foreign, or more especially aid oversight. For most members, closer scrutiny of Defence was always seemingly a higher priority ... aid oversight,
which if it is to be done properly, requires rigour and close attention to detail, attracted few committed adherents.\textsuperscript{8}

As a result, aid policy has historically been the prerogatives of the portfolio minister, with ministerial statements becoming policy and the responsibility for successes and failures resting almost entirely with them.

\textit{The Lives and Deaths of Australia’s Aid Agency}

Australia’s official aid activities began before the Second World War when small grants were first made to Papua and New Guinea (Wilkinson 1976). Assistance increased rapidly in the post-Second World War period, primarily due to the Colombo Plan, to which Australia was an important initiator. The 1950s and 1960s saw further increases in terms of funding and scope. Until 1973 the Department of External Affairs (now Foreign Affairs) had primary responsibility for aid policy, although numerous departments were involved in the delivery of aid projects. The advent of the Australian Development Assistance Agency (ADAA) during the first term of the Whitlam government marked a significant change in Australian aid administration.

\textit{The Whitlam Government}

Whitlam came to office after 23 years of Coalition government with an extensive reform agenda. The prominence of aid in that agenda, and the extent of the changes he wrought to the aid landscape, can in part be explained by the international context: USAID and CIDA had been established in the proceeding decade and these moves
informed Australian thinking. But they are also crucially dependent on a small “court” of likeminded policymakers. For the first nine months of his government Whitlam was both Prime Minister and Minister for Foreign Affairs. He also deeply distrusted the public service, effectively side-lining the main departments – Prime Minister and Cabinet, the Public Service Board and the Treasury – in favour of ideas generated by his principal private secretary, Peter Wilenski, and a “ginger group” of young public servants (Weller et al 2011). Wilenski had spent much of his career working on aid issues, including in both External Affairs and the Treasury, and was a strong advocate of an independent aid agency. This concentration of executive authority would prove to be decisive.

The other key issue during this period was the impending independence of Papua New Guinea (the largest component of the aid program). Until that point Papua New Guinea was administered by officers of the soon to be defunct Department of External Territories. These officers needed a new bureaucratic home and the then Minister for External Territories, W.L. Morrison was a key advocate for an independent aid agency (Viviani and Wilenski 1978). He would emphasise to Whitlam the bureaucratic rationale for a separate aid agency that merged former Territories staff with those involved in aid administration in Foreign Affairs, Treasury and Education. The proposal was met with considerable opposition by those departments who stood to lose from the new arrangement, but Wilenski and Morrison arguments carried the day. The new aid agency was designed to reduce the influence of Foreign Affairs and Treasury in particular on policy formation; allow for a professionalised career structure to be introduced for aid officials; encourage the development of a stronger evaluative and research orientated culture; and produce a more integrated approach to...
the provision of policy advice (Viviani and Wilenki 1978: 5). Further to these four reasons, a less explicit but nevertheless significant rationale was that by creating an institutional structure for a group of dedicated officers, a separate agency would ensure that aid had a dedicated voice within the bureaucracy (Wilenski 1981, p 104). In this way, humanitarian aspirations were to be infused into the administrative architecture of the Australian government.

Having been established as a statutory agency fully autonomous from Foreign Affairs in 1974, the progress of ADAA stalled. The key reason was that by 1974 the small “court” that were so influential in its formation had begun to disperse. Whitlam was no longer Minister for Foreign Affairs and his successor became deeply enmeshed in the escalating situation in East Timor. XI Whitlam would never fully concede control of foreign policy but his attention would become increasingly focused on the political events of 1974 and 1975 that ultimately brought down his government. Wilenski would become Special Adviser to the Royal Commission on Australian Government Administration in 1974 and Secretary of the Department of Labor and Immigration in 1975. He remained involved in the aid program by virtue of his position on the Development Assistance Advisory Board, but his capacity to exert direct influence had diminished. Once External Territories was disbanded, Morrison became Minister assisting the Foreign Minister in matters relating to Papua New Guinea, and so had some influence on that aspect of the aid program, but he would move on to become Minister for Defence in 1975.

In retrospect, it is quite remarkable how much influence a few well-placed individuals had on the direction of Australian aid during 1972-73. But, equally, once the
importance of these key individuals is grasped, it is not hard to see why momentum would dissipate once they moved on. The vagaries of “court politics” brought ADAA into being, but in the absence of a more solid foundation the new architecture could just as quickly be swept away when the political winds shifted.

The Fraser Government

On 11 November 1975 Whitlam and his government were famously dismissed by the then Governor-General, Sir John Kerr. The Liberal-National Coalition under the leadership of Malcolm Fraser, which won the subsequent election in December, faced a number of challenges when it first came to power, including a flagging economy and high inflation. The rationalisation of government administration was one of the bitter pills that the Coalition believed Australia had to swallow. Despite being newly formed, ADAA ultimately fell victim to these machinations. Within months Cabinet abolished it, replacing it with the semi-autonomous Australian Development Assistance Bureau (ADAB) within the Department of Foreign Affairs, and the budget cut. The abolition occurred despite the new Minister for Foreign Affairs, Andrew Peacock, arguing strongly to Cabinet that the aid agency be retained.

Fraser defeated Peacock’s case but the latter’s support can help us explain why a new semi-autonomous Bureau, rather than complete integration of aid functions within Foreign Affairs, succeeded ADAA. The quiet lobbying of Sir John Crawford, former president of the Australian Council for Overseas Aid (ACFOA) and a key adviser to Whitlam on the formation of ADAA, was also important. Once ADAA was abolished Crawford impressed upon Peacock the benefits of having “Development Assistance”
in the new Bureau’s name; providing a separate annual report to Parliament; and the maintenance of a genuine career stream.\textsuperscript{xii} The influence of Crawford’s views were no doubt assisted by the fact that Peacock was sympathetic to aid, as the inaugural Director of ADAB from 1977, James Ingram, would recall:

\begin{quote}
[Peacock] liked what we were doing. He didn’t really want ADAB absorbed by the department. On the contrary, he [sometimes] would ask us for our views on something which wasn’t all that directly aid connected but had some kind of development aspect, you know. He more often than not followed our views, rather than the department’s. I don’t know that the department knew this. We didn’t go and tell them.\textsuperscript{xiii}
\end{quote}

Peacock would later unsuccessfully challenge Fraser for the leadership of the Australian Liberal Party, a move that led him to resign his ministerial post. He was replaced as minister by one of Fraser’s allies, Tony Street. This appointment coincided with a renewed attempt on the Agency’s life in the form of the Review of Commonwealth Functions (RCF). RCF committee sought further bureaucratic rationalisation and as a result ADAB was reduced in size with its corporate functions further integrated into Foreign Affairs during 1981. Many aid observers believe ADAB was saved from being abolished altogether by a combination of Ingram’s forceful leadership and NGO and Trade Union lobbying. Amidst this climate of economic stagnation and bureaucratic rationalisation, the Bureau won a reprieve in the form of the 1981 CHOGM meeting. Anxious for the meeting to succeed, Fraser used aid to win friends and allies among developing countries. As a result, towards the tail end of his government, the aid budget began to grow.
The early years of the Hawke government continued this trend. Hawke was a supporter of Third World causes and Papua New Guinea in particular. He also had a history with his first Foreign Minister, Bill Hayden, by virtue of their longstanding leadership rivalry. Hawke’s style is generally considered less domineering than Fraser’s, with his ministers given more rope to run their own show (Kelly 1984, p. 437). This ended up hurting aid but for different reasons; this time the Foreign Minister not the Prime Minister was the more sceptical of the aid effort. Hayden left an enduring mark on the aid program by returning the autonomy lost to RCF. But, his support for a more professional aid administration and was based on a belief that the program was underperforming. He also oversaw a rapid reduction in aid funding, including offering up substantial cuts in the 1986 budget discussions (at the time they amounted to the largest ever aid cuts). His relationship with Finance Minister Peter Walsh and his desire to have a coherent fiscal policy was an important influence on this decision.

<INSERT TABLE 2: Australian ODA HERE>

Once Hayden was made Governor General in 1988 the aid budget began to rise slowly for much of the early 1990s. This ascension coincides with the period in which Gareth Evens was foreign minister. Evans was a key advocate for a new internationalist agenda in Australian foreign policy. Colleagues also remember him as
a forceful voice for aid in Cabinet. Evans describes how he fought for the aid budget during this period in the following terms:

Basically I had to go into bat for the aid budget in successive cabinet deliberations, right through the whole period when the rest of them and the finance minister always saw the aid budget as an easy target ... by and large what matters is your ability to fight tooth and nail in these situations and not just capitulate ... They would have to really roll me every time and I made a total nuisance of myself, as you will find if you go back and interview others. I mean I always fought hard for that corner.\textsuperscript{xv}

His support in Cabinet usually came from the left faction of the Labor Party but also from the Prime Minister as Evans recalls Hawke in particular as being sympathetic to the aid effort.\textsuperscript{xvi} Keating would require more persuasion but was not as hostile as some, providing the arguments were put in terms of interests rather than aspirations.\textsuperscript{xvii}

One of the unique aspects of Evans approach to aid was that he delegated much of the day-to-day management of the program to a junior minister. Evans describes this decision in the following terms:

as I got more enmeshed in the Foreign Affairs portfolio and we started to you know, we had an extremely activist Foreign Affairs side of the house. There was a lot of energy, a lot of initiatives and a lot of travel and a lot of hard thinking and new policy development. And I think I came to the realisation
after a couple of years that it really did need – the aid stuff was so important in its own right – it did need hands on ministerial attention … I didn’t have any sense of compelling necessity to have the funds at my disposal and then I think that’s the reason why I was pretty relaxed about divesting the authority to other people. But I think the best – well when we finally settled on that combination of Pacific Island Affairs and International Development – with [Gordon] Bilney, who was a very experienced and competent pair of hands in his own right. I think that was the best possible combination.xviii

As this recollection alludes, there were a number of permutations between 1990 and 1996. Neal Blewett was the first Australian minister to have the aid function reflected in their title when he was made Minister for Trade and International Development from 1990-1991. Blewett was a full Cabinet minister during this period and so in many ways this arrangement was not too dissimilar to having Evans in charge. In fact, aid effectively had two full Cabinet ministers – Evans and Blewett. But, Trade, like Foreign Affairs, is a substantial portfolio in its own right and so the program would never have Blewett’s full attention, especially given the issues of the day included key negotiations in the GATT Uruguay Round. The change in Prime Ministership from Hawke to Keating in 1991 led to a ministerial reshuffle in which Blewett was replaced by John Kerin, previously the Treasurer under Hawke, as Minister for Trade and International Development. Rather than being a full Cabinet minister, however, Kerin was a member of the “outer ministry”.

This “outer ministry” arrangement was repeated after the 1993 election when Gordon Bilney was made Minister for Development Cooperation and Pacific Island Affairs.
In this combination, AIDAB had almost exclusive call on Bilney’s time – Australia’s diplomatic relationships with the Pacific are basically defined by aid – but formally had to go through him to access Evans and by extension the Cabinet. Functionally, however, this move would prove to be of significant benefit to the aid program as, aside from a breadth of experience developed as Whitlam’s foreign affairs adviser, combined with a considerable personal passion for development issues, Bilney had a strong relationship with Evans, who still took the lead role in the budget process. Indeed, the position Evans took in Cabinet was usually developed first by Bilney and his staff, in conjunction with the Agency. Observers regularly cite this leadership combination, which was based on strong rapport and mutual trust, as the most successful in the history of the program, both in terms of policy but also the aid budget, which had began to grow slowly under from 1990-91. They also changed the name of the agency to AusAID in a bid to raise its profile.

The key question that emerges from the Evans-Bilney period for those who care about the fortunes of development aid in Australia is whether the success of this ministerial combination is a consequence of the formal institutional arrangements or the key personalities. When John Howard won the 1996 election the separate development ministry was discarded, despite Philip Flood, Director General of AusAID between 1993-1995 but then the new Secretary of the Department of Foreign Affairs and Trade (DFAT), lobbying for its retention. He recalls the conversation as follows:

When I worked for Downer from day one of the Howard Government, one of the first things I said to him was, “the Bilney experience worked really well, it was a terrific idea to have a separate minister for aid” … And Alexander said,
“I know it is and I’ve tried with John Howard to get that, I’ve put that idea to Howard and he’s rejected it.” So he said, “Philip we are not going to have a separate aid minister, we’re going to have two parliamentary secretaries in the portfolio but I’m going to run the aid program. I am going to be the minister for the aid program”. xix

The Howard Government

The Howard government’s term in office is dominated by a “whole-of-government” phase in Australian foreign policy, characterised by involvement in a series of armed interventions supported by aid investments, first in East Timor and later Solomon Islands, Afghanistan and Iraq. Considerable resources were also spent seeking to promote law and order in Papua New Guinea and, post 9-11, combatting terrorism in Indonesia. Rather than a bureaucratic backwater of peripheral foreign policy interest, aid would become a key policy tool in support of these efforts, especially in Australia’s immediate region.

Aside from the policy imperatives, the rise of aid during this period can in part be explain by the fact that Howard enjoyed a strong relationship with his Foreign Minster, Alexander Downer, despite the fact that they had been leadership rivals in the past. Their belief in the value of the aid program to Australia’s foreign policy agenda increased over time. Downer’s view on how they approached this in Cabinet is:
Howard and I were very close . . . So between the two of us – I mean he was the Prime Minister – we could easily get these agencies [DFAT and AusAID] to integrate.

[But] you’ve got to make a compelling case . . . What do you want to spend it on? And so I often had compelling reasons to spend money and they were comfortable with that. And I didn’t go and ask for money if I didn’t really need it, I suppose. So I had credibility when I did ask for money because sometimes I would make cuts . . .

Downer’s time in charge of the aid program will always prove something of a paradox for aid observers, especially those wedded to the view that the Labor Party are the natural allies of aid. This argument tends to rest on the view, to some extent borne out here, that Labor is more comfortable with an autonomous aid agency than the Coalition. The decade under Downer is the exception. To be sure, he enjoyed a public joke about AusAID being a hotbed for leftist sympathisers, and took a childish delight in asking officials uncomfortable questions, usually on long plane trips across the Pacific, about whether aid actually made a difference in the world. But, like Peacock, for whom he had worked as a junior staffer, Downer would also develop considerable interest in the complexity of aid policy and the importance of good governance in particular. Most importantly, Downer was always comfortable mediating between foreign and aid policy imperatives, and so never considered integrating AusAID into DFAT.
Personally [I was] very sorry to see the passing of AusAID because I thought having it within an institution meant that you can think about the intellectual issues in relation to aid. I mean there’s an argument that Julie Bishop uses which is that aid wasn’t integrated with our foreign policy. Well since I was the minister for both, I am not quite sure how that stacks up. It seemed to be in my head perfectly [integrated] with foreign policy.\textsuperscript{xxii}

The 2004 Boxing Day Tsunami would further catapult aid issues to the forefront of Australian foreign policy. In the aftermath Howard pledged AUD$1 billion in foreign aid to Indonesia, the largest ever single contribution in the history of the program. Within months of the tsunami announcement Howard would commit publically at the United Nations to doubling the aid effort from $2.133 billion in 2004-05 to $4 billion by 2010.\textsuperscript{xxiii} The context of this decision is important – it was taken at a time when the major donors of the world were increasing aid and so Australia risked being left behind, and the country was in the midst of a mining boom and the government was flush with revenue – and goes a long way to explaining why it was taken. But, it is also significant that and Howard and Downer had growing faith in AusAID and its leadership, and the clout in Cabinet to ward off potential opposition from the economic departments: Treasury and Finance.

\textit{The Rudd-Gillard Governments}

In 2007 Australia elected a Labor government led by Kevin Rudd. Rudd committed to reaching the Howard scale-up in 2010 and then doubling the program again by 2015 so as to meet the 0.5 per cent of GNI target. Rudd was a much stronger supporter of
aid than any of his predecessors, either as Prime Minister or Foreign Minister, and so from 2007 until 2012, Rudd’s influence in budget cabinet always carried the day, as McMullan recalls:

In bureaucratic terms it’s PM&C and Finance and Treasury against – they always take the same position. Those three, you can rely upon them. But their coordinating comments are entirely predictable. When Kevin was Prime Minister, Stephen Smith often had to do the arguing, sometimes it was me, and we would come out with these big victories and everyone would think we were wonderful but actually it’s just that Treasury and Finance knew that if they did us over the Prime Minister would overturn that so it wasn’t worth the effort. So they didn’t.xxiv

That is not to say that aid and foreign policy were entirely separate during this period – quiet the opposite. The use of aid in Iraq and Afghanistan and the UN Security Council bid are obvious examples of aid being used to serve foreign policy objectives. But, the Rudd government also handed AusAID greater autonomy than it had under any government since Whitlam when it was made an executive agency in 2010.

Aid may have benefitted from Rudd’s patronage but support for his leadership within his own party room rapidly diminished. In 2010 he was replaced as prime minister by his deputy, Julia Gillard, who formed a minority government after the subsequent election. Gillard was not a natural ally of aid but despite the global financial crisis and deceleration of the mineral resources boom, the aid budget was safe because Rudd
assumed the position of Foreign Minister in her cabinet, as Stephen Smith, Foreign Minister under Rudd, recalls:

Well we’d come to office with a strong commitment, and it was a strong personal commitment from Kevin. And Kevin regarded the meeting of that commitment as important to his standing and reputation … When the rubber started to hit the road of constraints of spending and fiscal capacity, as any government discovers, when you start to be constrained fiscally there are a small number of places that you can go to get big licks of money for savings … development assistance was immune from that because of the election commitment and because of Kevin’s personal commitment.xxxv

In 2012 he would step down from this post to mount a leadership challenge. With Rudd on the backbench, the aid budget lost its most prominent champion. The new minister, Bob Carr, clearly enjoyed his international development role but was never going to be as big a supporter of aid as his predecessor (see Carr, 2014, pp. 4, 290 and 300). From the global financial crisis onwards there were those within the government who believed aid should not be the protected species it had become, as Smith recalls:

But there comes a point in the cycle where it can no longer be immune because the rest of the show is bearing such a significant burden … And isn’t it the case that all we are talking about here is not a cut in absolute terms but slowing a substantial growth rate? So the people who started to say, “well actually you know, let's have a look at development assistance” … “How long
can development assistance be a protected species? Everyone’s got to bear part of the burden so how do we manage that?” …xxvi

From 2012, these arguments would prevail as the Gillard government delayed the timeframe for meeting the 0.5 per cent target in the 2012 and 2013 budgets (Labor had previously changed the trajectory of the scale-up in 2009 and 2010 by back end loading it, and it would repeat this trick in August 2013, for discussion see Howes 2013). It also diverted $375 million from the aid budget to offset part of the cost of supporting asylum seekers in the Australian community in December 2012. When Labor announced the first of these deferrals the Coalition was quick to point out that they could now no longer be expected to meet the 2015-16 target for the 0.5 per cent ODA-GNI ratio either.

The Abbott-Turnbull Governments

The belief among certain politicians and administrators that aid had benefitted unduly from Rudd’s patronage meant that it became a symbol of the worst excesses of his government. Days out from the election the Coalition announced it would halt the scale-up over the forward estimates with the budget only growing in line with inflation. By back dating the decision to the start of the 2012-13 financial year this meant a budget cut of around $640 million (Davies 2013 and 2014). Abbott was sworn in on 18 September 2013 and one of his first decisions was to abolish AusAID and absorb its functions into DFAT. And, unlike 1976, it would not remain there as a distinct, named bureaucratic unit; this time, there was no Peacock or Crawford to save it. Instead, its functions would be dispersed among DFAT’s divisions. The pain would
not end there. Subsequent budget cuts would reduce the aid program to its lowest ever level as a proportion of GNI. This effectively meant reversing both the Rudd and some of the Howard increases. Less than a decade after Howard announced the “the single largest aid contribution ever made by Australia” the aid program would reach its lowest point in more than forty years.

Long time commentator on Australian foreign policy, and close Abbott ally, Greg Sheridan (2015), explained the rationale for the change as ensuring:

Aid will become, as it should always have been, an arm of diplomacy, an arm of national power. This is entirely a good development, though it is bound to outrage the aid sector, which gets much of its own money from government. In pursuit of nonsensical targets, the aid budget had also ballooned way out beyond $5 billion. Where every other arm of government was stretched for money, AusAID could barely work out how to shovel money out fast enough. One of the move’s many consequences will be to save some money and to strengthen the role of DFAT. This is a good day for diplomacy.

The decision to abolish AusAID was taken before the election and the consensus among Coalition insiders is that new Foreign Minister, Julie Bishop, was the chief architect. In her assessment, developed during the course of regular travel around the region, Australia was running parallel foreign policies. Integration was the means by which better coordination would be achieved.
A small change management team of senior AusAID and DFAT staff was formed to manage integration. Among this team there was some attempt to canvass the possibility of retaining a level of distinctiveness for the aid program within DFAT, as one official recalls:

We did argue at the time of retaining an identifiable aid program. If the view was that it couldn’t be called AusAID just call it the Australian Aid Program or something as a separate business line within DFAT. Just as Trade is essentially a separate group, you could have development as a separate group. But there was a clear view from the Minister and the Secretary that they wanted development fully integrated so there was no distinction – that direction was clear right from the off.\textsuperscript{xvii}

The Coalition’s pre-election budget cuts were the first major warning sign that aid’s star was on the wane. But, the budget pain would not end there. The 2013-14 budget would be lower than 2012-13 and there was no growth in 2014-15 either (in real terms this static budget meant a reduction of around 2.25 per cent to account for inflation, see Dornan 2014). But, this was only the beginning. Later in 2014 the Mid Year Economic and Fiscal Outlook would see the government announce the largest aid cut to a single year (20 per cent or $1 billion in 2015-16). As a result, Australia fell to 16th on the international league table of aid OECD donors (Howes 2015). Abbott was removed as Prime Minister by his own party in 2015 but his successor, Malcolm Turnbull, delivered further cuts in 2016-17 (roughly $200 million) and the program is scheduled to only grow with inflation over the forward estimates.
Whether Bishop supported the post-election aid cuts remains contentious. As a result, her legacy in relation to aid cannot be definitively assessed, especially given that she is still in the job. Bishop, more than any of her predecessors, was concerned that the aid program had strayed too far from core foreign policy objectives. There is also a view that she came to the job worried about the long-term decline in DFAT resourcing. Abolishing AusAID had the potential to solve both problems. In doing so, she has gone even further than the Fraser government in her bid to integrate the two areas of policy. Despite this, Bishop has been a strong public supporter of the aid program. Certainly, unlike other members of the Liberal Party, there is nothing in her statements, past or present, to suggest that she is an ardent sceptic. Moreover, her performance as Foreign Minister has been widely praised as one of the shining lights of the Abbott government in particular. But, if she truly believes in the value of aid then the subsequent budget cuts means that she has been regularly beaten in the annual budget scrimmage, under both Abbott and Turnbull. Likewise, under Turnbull Bishop reversed the previous Coalition preference and created an almost identical formal ministerial position for aid to that held by Bilney, filled initially by Steven Ciobo and later by Concetta Fierravanti-Wells. But, title aside, there is little to suggest that either enjoyed comparable influence. In which case, the personal rapport within the “court” matters much more than formal titles.

**Conclusion**

The long-standing dilemma for those who believe in the purpose and function of government aid program’s, both in Australia but also among other donors, has been how, in the absence of strong public support, to manufacture legitimacy for the
program budget and its administering institution. In Australia generations of actors have sought to achieve this by balancing short-term diplomatic objectives against long-term development aims. Like elsewhere, arguments in favour of a separate aid administration typically foreground the distinctiveness of this policy area and the need to protect it from the influence of short-term foreign policy imperatives in particular. By contrast, those who see aid policy as an arm of foreign policy typically seek to ensure the former is an administrative subsidiary to the latter. The result, as we have seen, has been a tumultuous history of births and deaths, budget cuts and reorganisations. And so, the Australian case highlights the significance of “court politics” in shaping the administration of government aid programs.

The strength of this approach is that it draws our attention to the meanings and beliefs of key decision makers, and the relationships between webs of actors who determine the form and function of government aid programs and their administering institutions. That is not to say that actors are autonomous and completely in control of its own fate; the “court politics” lens that I have employed emphasises the way competition between elites drives outcomes and so decisions are also taken amidst a broader tapestry of political actors and events. Over time these have included international trends – Australia followed international thinking when establishing ADAA, embarking on the professionalization of administration during the 1980s and 1990s, increasing aid in the mid-2000s, and abolishing AusAID in 2013 – and economic circumstance, including budget cuts during the economic downturn of the late 1980s and the more recent deceleration of the mineral resources boom. But, the most important consequence of a heavy reliance on executive discretion is that...
governments are relatively unconstrained in the way they approach aid. For better or worse, each has left a distinctive mark on the program.

The significance of these questions belies the surfeit of literature on development agencies and the politics of their administration. In addition to illustrating the importance of these questions to both development theory and practice this paper also offers a novel “court politics” approach, drawn from recent thinking in public administration, to addressing them. The lesson from the application of this approach to the Australian case, for both scholars and practitioners, is that any holistic understanding of the development enterprise must account for the complex relationship between the aid policy of individual governments and the domestic political and bureaucratic context in which it is embedded. If the way aid funding is administered shapes outcomes then understanding the “court politics” of aid matters.

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*Endnotes*

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iii OECD DAC Peer Review of Australia 2008, p. 29.
There is a small reflexive literature that seeks to unpack the ways race, gender and class shape the aid industry and its practices. E.g. Eyben, (2014); Roth, (2015).

For a constructivist take on the same question see: Van der Veen, 2011

The emphasis on belief and expression combines an older Weberian view with the newer Beetham (1991) interpretation

This paper is based on a larger book-length project (see [omitted])

Interview with Russell Trood, 4 June 2015

Interview with Nancy Viviani, 2 March 2015.


Kelly, 1984, p. 437.

Interview with Gareth Evans, 10 June 2015.

Ibid.

Ibid.

Interview with Philip Flood, 19 March 2015.

Interview with Alexander Downer, 22 April 2015.

A point made all the more significant given that, globally, recent agency deaths have occurred under conservative governments.

Ibid

Other donors, like Canada, made similar moves at the time, see Riddell, 2007, p. 73.

Interview with Bob McMullan, 9 April 2015. “Co-ordinating comments” refers to the comments other relevant departments make on Cabinet submissions. These comments are appended to the final submissions.

Interview with Stephen Smith, 11 January 2016

Interview with Stephen Smith, 11 January 2016.

Interview with Gary Dunn, 13 July 2015.