

sustained economic growth remains as much of a question for empiricists as for theorists. The contribution of Boone in recent synthesized pieces is very useful, in that he argues that five decades of large-scale foreign aid programmes have not had a significant impact on economic growth in recipient countries. In Politics and the Effectiveness of Foreign Aid, he examines the importance of the political regime for the effectiveness of aid programmes.²⁵ Categorising countries into three alternative regimes according to the interest groups they support, Boone uses the empirical results of various regression techniques to analyze the impact of foreign assistance. In aiming to maximize citizens' welfare, all regimes are shown to direct aid towards consumption rather than investment or growth. Measuring distribution by way of performance indicators - infant mortality, primary schooling ratios and life expectancy - aid is shown to have been ineffective in improving basic human development regardless of how democratic or liberal the political regime.

Further empirical testing suggests that all political regimes allocate foreign aid in favour of a high income political elite rather than the poor. Where liberal democratic regimes are found to experience around 30% lower infant mortality, Boone explains that democracies allocate aid no differently but the poor in these countries have significantly more power and political influence. He therefore maintains that some short-term aid programmes, when used to support liberal democratic regimes, may sufficiently empower the poor to lay foundations for a self-sustaining reduction in poverty.

Boone maintains that long-term poverty represents government failure and lack of investment opportunities rather than capital shortages. He concludes that foreign assistance programmes must reduce distortionary economic policies and promote political stability in recipient countries if aid is to lead to investment and growth.

In "Multilateral Aid, Politics and Poverty," Boone and Faguet draw on Boone's research to examine the effectiveness of public infrastructure investment through multilateral aid programmes and to suggest new directions for foreign assistance in the future.²⁶ They suggest that, in the existing system, where neither market mechanisms nor borrowers play a discriminating role in the establishment

²⁵ Peter Boone, "Politics and the Effectiveness of Foreign Aid", NBER Working Paper 5308, October 1995.

²⁶ Peter Boone and Jean-Paul Faguet, "Multilateral Aid, Politics and Poverty", London School of Economics, September 1995.