



## DevelopmentAid Dialogues

### Season 2. Episode 7: The Future of Aid, Donald Trump, and the Prisoner's Dilemma | A dialogue with Dr. Göran Holmqvist

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**Hisham Allam:** Hello everyone, welcome to DevelopmentAid Dialogues where we explore the forces shaping international aid and development. I'm your host, Hisham Allam. Today we are witnessing a major turning point in global development. Governments across Europe, the UK, France, and Belgium are announcing deep cuts to their foreign aid budgets and Germany may soon follow. These reductions, some as high as 40%, become as defense spending rises and national self-interest takes precedence over our global solidarity. Many experts believe that the old era of aid is not coming back. But what does this shift really mean? Are we seeing a permanent retreat from international cooperation or is this just another cycle in the history of development assistance? And if traditional donors step back, who will step forward? To help us unpack these critical questions, I'm joined by Dr. Göran Holmqvist, the former director of a department at SIDA (Swedish International Development Agency) for Asia Middle East, and humanitarian assistant, and currently a researcher at the Institute for Future Studies in Stockholm. Göran, has held the leadership positions at UNICEF's Office of Research in Florence, and at the Nordic Africa Institute. His deep insights into global development trends make him the perfect guest to help us make sense of this moment. Dr. Göran, welcome to DevelopmentAid Dialogues.

**Dr. Göran Holmqvist:** Thank you for inviting me, Hisham.

**Hisham Allam:** Thank you. Dr. Göran with several European countries sharply cutting their aid budgets, some by as much as 40%, and other likely to follow, do you see this as temporary response to economic pressure, or are we witnessing a fundamental shift in how nations approach development assistance?

**Dr. Göran Holmqvist:** Well, as you said for sure, in the short run, the situation looks quite problematic with several donors cutting their aid quite drastically. Although I think we should point out some nuances when it comes to the United States. I think their cut appears to reflect a more fundamental shift and where the present leadership in the United States want their country to position itself on the global scene. When it comes to the cuts in the UK and some other European countries at least the cuts are done with regret. It's as if they blame



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the fiscal situation, but really would have liked to avoid these cuts, at least that was clearly expressed by the prime minister in the UK. Will it be long-term? So, my personal conviction is that the global problems that give rise to start with for global cooperation, including in terms of, development cooperation, those problems, they will not disappear. They will become even more severe, so that will come back and haunt us and sooner or later people will have to come back to be engaged on these extremely critical global issues that we have ahead of us.

**Hisham Allam:** So, you believe that they will come back?

**Dr. Göran Holmqvist:** Because I'm an optimist. Recent speaks for at one point in time realize that yes, we have to cooperate, including with economic resource transfers from rich countries to less fortunate countries to solve our global problems. And these problems are becoming more and more critical, like the climate or the biodiversity or the migrant crisis; and the conflict of the world that needs institutionality to be resolved.

**Hisham Allam:** You have argued in a recent article, that foreign aid is often an easy target for right-wing populists because it's rooted in values like human solidarity and equal worth, which don't fit well with identity based political mobilization. Are we witnessing a broader ideological shift that makes aid politically unviable?

**Dr. Göran Holmqvist:** I think my reading of the political situation is that when it comes to European citizens at least, when you look at the data and the survey people - hang on, being quite positive towards international cooperation and aid. There is the Eurobarometer, hard doing, repeated every year surveys of the attitudes towards international development cooperation by the Europeans. And I believe it's like 75% of those who answer, who think that tackling poverty in developing countries should be one of the main priorities of the EU and slightly lower for their own national government, but still a clear majority being in favor. We don't see a sudden decline in the support for the idea of international solidarity. But it appears as if the public discourse assumes that people have turned more negative. The same goes with migration, and the same goes with climate issues. So, what is it that has happened? I think what has happened is that there have always been segments of the population that has been quite critical, and they have come into becoming a political expression with these new, right-wing parties. And many of these parties have been quite successful and influential in the formation of European governments in one way or the other and that has meant that people have adjusted position because they are seen as, (in the case of my country, Sweden) they are part of the majority that underpin the support for the government in the parliament. So, it's, the shift might reflect more new political alliances, then the deeper shift in the moods of European populations. Important to keep in mind because we shouldn't be too defensive. We shouldn't give up, so to say, and we shouldn't buy the discourse that says people don't like solidarity anymore.



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**Hisham Allam:** Historically, Sweden's aid policy was guided by both solidarity and enlightened self-interest: a balance between doing good and ensuring long-term stability. Right?

**Dr. Göran Holmqvist:** Kind of, I think solidarity has always been clear what it's about, human solidarity, fundamental ethical value of supporting your fellow human beings wherever they happen to live on, on the globe.

And the enlightened self-interest has been an expression that has been floating around. I don't know if it has ever been given a very precise meaning, but I think it should be interpreted as simply the ability to see that it is in our common interest, including my own interest to engage in global cooperation.

**Hisham Allam:** With the recent budget proposal abolishing the policy for global development, that justification seems to be fading. My question is, why do you think this shift is happening now? Are governments no longer convinced that aid serves their own interests?

**Dr. Göran Holmqvist:** I think in the case of my country, which might be relevant for at least some other European countries, it has to do with what I said before about new political alliances where parties who are very critical towards the idea of international cooperation have become very influential.

But it doesn't reflect a deeper shift in the mode of the population as a whole. So, these new alliances have made development cooperation a kind of easy prey for cuts as these new groups have become more influential in governments and in parliaments.

**Hisham Allam:** But as an expert, how do you reflect this to the other EU countries?

**Dr. Göran Holmqvist:** I guess each country has their own story to tell, so to say. But in a few countries, you know, that you have a strengthening of the rightwing populist parties. That is the case in Italy, in France, in Germany. And even though the government might have another color or another position, they're still kind of pushed from the right to take certain positions. And I think that explains somehow why there is a kind of resistance to really defend the idea of international solidarity at this moment.

**Hisham Allam:** You have drawn an interesting comparison between today's aid cuts and the prisoner's dilemma, but there is always an incentive to defect and let others be at the coast. Are we seeing a similar pattern with these aid cuts?



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**Dr. Göran Holmqvist:** I think my reflection is that many of our global problems share some characteristics with the prisoner's dilemma. The original prisoner's dilemma is about two prisoners. They both stand from gaining if they don't blame each other for the crime that has been committed, but both have an incentive to defect as long as the other one doesn't also defect. If both defect both loses and if you carry out that game, as a one-shot thing, you tend to end up in non-cooperation and both as losers if they act purely based on self-interest. The interesting thing happens when you repeat the game. And you can have interaction between the players. And when you do repeat the game, suddenly it turns out that choosing to cooperate might be the best option, also seen from pure self-interest perspective. So, there is a story about this game theorist Robert Axelrod. Who was trying to identify the best strategy to play prisoner's dilemma, and he invited all his fellow researchers: give me your best strategy. And they handed it over and then he let computers play this prisoner's dilemma game over and over again. And then he added an evolutionary component so that the most successful strategies survived and became more frequent, so to say the second round if it had been successful in the first round and the strategy that won in the end becoming most forced to survive this setup, he labeled "tit-for-tat with forgiveness".

**Hisham Allam:** Yes. The game theory suggested that the most successful long-term strategy was forgiveness. Cooperate first but react against is defective while keeping the door open for future collaboration.

What would that strategy look like in today's geopolitical landscape?

**Dr. Göran Holmqvist:** Well, take the example of the Paris Agreement on climate. So United States say they don't want to be part of it. They have a sort of very short-term self-interest. They don't have to comply and then deliver financing and whatever, they're not part of the deal anymore. So, they defected. And then if you ask yourself what is in our best interest in the long term? And if you make reference to these kind of game theoretical findings. A strategy for cooperation has so many advantages and defecting, earning a reputation for being somebody you can't trust, like what's happening with the United States right now, that is a strategy for a loser, according to these theories. So maybe what we see is a strategy for losers that is being implemented by Donald Trump. Good to remember.

**Hisham Allam:** Do you think that country debt still values a cooperation should take a harder stance against those who cut it?

**Dr. Göran Holmqvist:** I think there needs to be an element of naming and shaming. That would be good. I think it's critical also that we hear more voices from affected countries in the south in the debate in Europe. It shouldn't be a European only debate whether this is good or not, we should really hear the voices from the south and from affected populations.



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**Hisham Allam:** Let's talk about the U.S. example, when Trump doesn't care about naming and shaming. He said that aid is going to LGBT community that he doesn't support, goes to birth control in Africa and supporting tourist groups. So, with this kind of explanation, do you think that the rule of "name and shame" works with the U.S. example?

**Dr. Göran Holmqvist:** I think it's extremely important, and that's part of this "tit-for-tat" strategy, that if you have a defector. You have to send the signal that this is not okay. You have to retaliate somehow. So, one way of dealing with Donald Trump would be to just let him have his go. Accept that he sets the agenda for multilateral institutions taking out gender and whatnot that they don't like.

I think that's not the way to go. You have to stand up for values and you have to push back. But I understand that countries have to choose pragmatic ways of pushing back, but just obedience in advance. Staying low key, not speaking up, not standing up for values, that is no way to go.

**Hisham Allam:** But with Western donors falling back? We have to ask who steps in. Will China and Gulf countries reshaped development assistance in their image? Or are we heading toward a world with far less funding for global challenges?

**Dr. Göran Holmqvist:** In the short run for sure, there will be less funding. I don't know for how long that will stay like that, but you can see that the forces that demand global engagement are not becoming weaker. The climate crisis and so on will come back and haunt us, will push us back to the global cooperation tables once again at some point in the short run, it looks awful.

And for sure most likely the Gulf countries, China will increase their share somehow, unless they also cut, which doesn't seem to be the case. And if Europe plays its cards well. It should understand that they should step up as well, and they should stand firm on their values in relation, for instance, to multilateral organizations.

**Hisham Allam:** I agree that Global Cooperation is essential to share the crisis, as you have mentioned. But as we have seen, there is a rising tendency to prioritize military spending over development funding. If traditional donors step back, what consequences should we expect for these critical areas?

**Dr. Göran Holmqvist:** I think it's extremely worrying because what you see with these cuts. United States representing maybe let's say 40% of the humanitarian system. The UK having a fair share as well, and a number of other European countries. It means that people in refugee camps will not have food and medicine, or schools for the children. There will be extremely bad things happening also in the very short run. So, these are



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consequences to really pay attention to and to make people aware of. It's not costless. To stay away from these global cooperation schemes that we have been part of setting up. Look at the latest climate conference. 300 billion was promised. It was part of being able to craft the deal that there were these commitments of finance to compensate the countries who will be most affected by the climate crisis. And we simply have to stay on the path and these commitments.

**Hisham Allam:** Yes. But how can policy makers and development experts better communicate the long-term benefits of aid to a skeptical domestic audience?

**Dr. Göran Holmqvist:** It is a complicated matter. And there is development cooperation that works less well. There are shortcomings of the systems, there's fragmentation and there is costly ways of doing interventions, and there's lack of attention paid to the populations in the south to be able to shape what's going on with aid money. For sure, there are many shortcomings, but in the short run, in this very dramatic situation, I think the most important thing we have to do is to stand up for human solidarity and for the values of global cooperation.

These are basic things. It's not new. It simply has been around all the time. When it comes to International Development Cooperation. These are very basic values, and we should stand up for them. Their reason for being has not been reduced by anything. It's simply the opposite. We'll need more of it.

**Hisham Allam:** In your article, you referenced historian Timothy Snyder's "On Tyranny", where he warns against passive complicity in the face of destructive policies. He urges people to defend institutions, believe in truth and recognize propaganda. For those who still believe in aid as a force for goods what practical step can they take to push back against this trend?

**Dr. Göran Holmqvist:** I think when we are in this very challenging and in a way negative times, I think Timothy Snyder's book is good reading because he has these kind of basic wisdoms that he has picked up from the development during the 20th century on how have dealt with authoritarian leaders and he notes that all of them. They depend on our compliance. That was the case for Hitler. It's the case for these other authoritarian tendencies as well. A lot of people who simply keep their heads down comply and let them have their go. So, he tries to formulate basic rules for all of us to try to go for to make it harder for this authoritarian tendency to come through. And maybe the one that is most important is do not obey in advance. Everybody has a certain space to make resistance, exploit that space.





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**Hisham Allam:** But in that case, who should resist?

**Dr. Göran Holmqvist:** I think all of us have a role and some have maybe a larger role or better space than others to act. But I think it falls on all of us to resist and we should not fall into the trap of being obedient in advance or not being as brave as we can. We all have a certain space, and we should exploit it.

**Hisham Allam:** If we move away from traditional aid models, how should we measure success? Are there better metrics than simply tracking aid volumes or GDP growth in recipient countries?

**Dr. Göran Holmqvist:** I think when it comes to communicating with taxpayers who foot the bill for development cooperation, of course you need stories about what's happening, what are the results, but not just numbers. You also have to understand the relevance of the context. So, it's kind of a combination of telling results together with why are these results relevant. So, these stories need to come out. I think that's important. When it comes to the volume, I think it's important to keep in mind that the volume itself, of course, is not what we fight for. It's what the funding is able to do.

But these measures that we have, like setting a certain percentage of GNP for ODA official development assistance. It is a measure for burden sharing. It's a measure of making everybody contribute a bit along the lines of prisoner's dilemma that we all should contribute to something. A course that's good.

And we don't want the free riders who stay away and let others pay for the bill.

**Hisham Allam:** Moving forward, what if the aid budget continues to decline? What should development organizations and NGOs do to stay effective and alive?

**Dr. Göran Holmqvist:** It will be tough. So, you need to set priorities. You need to do what you can to identify alternative funding sources. And you have to cut costs where it hurts the least.

You have to stay strong on your advocacy role, making sure that people understand that the work that you're doing is worthwhile and needed. And of course there are also ways to make aid more efficient. Many times, building stronger on local capacities already existing in partner countries. I think that's one way to go, but we shouldn't fool ourselves.

There will be impacts when you cut funding. Less will be done, and people will be hurt.



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**Hisham Allam:** Which areas do you think will be most affected by western Aid reduction or that can create kind of a power vacuum in fragile regions.

**Dr. Göran Holmqvist:** United States is such a big donor, so of course what they stay away from there will be big gaps created. And apparently, they are staying away completely from anything that has to do with these values that you mentioned around gender and even climate.

So, in these areas, there will be particularly large gaps to fill, I'm sure. And it's important that other donors step up and defend the values that now are under attack. I think that's one important aspect to keep in mind. I assume also that there will be a slight tendency to shift towards humanitarian aid simply because the short-term disasters will increase the needs in refugee camp and elsewhere. There needs to be some priority shift towards humanitarian aid. I think that's unavoidable. But most of all, I think it's important to keep in mind that you can't take away all this funding without it being felt somewhere. It will be felt.

**Hisham Allam:** How would a country like Sweden or UK be affected by reducing the aid?

**Dr. Göran Holmqvist:** I think that the negative impact will come in the form of increased distrust in the world. Decreased ability to deal with conflicts to deal with humanitarian crisis, distrust coming in relation to global agreements around the climate and biodiversity and so on, where suddenly we have made commitments, and nobody is footing the bill anymore.

That will create a world that is tougher to live in. That will affect us as well. And that's why I say that sooner or later these problems will come back and haunt us. They will not disappear, and we have to make renewed commitment in favor of global cooperation.

**Hisham Allam:** I have asked this because some experts argue that cutting aid reduces Western leverage over developing countries. So, could this cut actually weaken the West's ability to promote democracy, human rights, and the stability approach?

**Dr. Göran Holmqvist:** I think they could, but maybe that's not my main concern. My main concern is whether those activists and forces in countries around the world actually push for democracy, for gender equality, for climate awareness, that their space for action actually is reduced.

That's what we should look at. The key thing is not Western influence. It's about creating space and force in the defense of these values.





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**Hisham Allam:** Skepticism towards aid is growing both among politicians and the public. What concrete steps can be taken to rebuild the trust and the effectiveness and necessity of development assistance?

**Dr. Göran Holmqvist:** As I said, I think in the beginning, I'm not fully in agreement with the notion that we live in an era where taxpayers and citizens are becoming more critical towards aid and the data simply doesn't support it. So, I'm sitting now with a graph in front of me showing the support for, EU's engagement and in development cooperation. And there's no decline. It looks pretty good. Three quarters of the population think it's extremely important that the EU engage in tackling poverty around the world.

So fundamentally there is something to build on. The engagement by the European citizens, and we shouldn't be pushed into a defensive position where we buy into the rhetoric, which says that people don't want to engage anymore. It's simply not supported by evidence.

**Hisham Allam:** Finally, what are your expectations? Who's coming next? Do you expect that any other countries will join the gang?

**Dr. Göran Holmqvist:** In cutting aid?

**Hisham Allam:** Yes.

**Dr. Göran Holmqvist:** I think it seems to be on its way in the number of European countries where there are fiscal adjustments taking place due to increased defense spending. And I assume that in countries with very high levels of debt, that pressure would be even tougher.

But I hope that those countries who really see the value of global cooperation also unite and make a push for others to also contribute and point out the dangers of abandoning these extremely important objectives for Development Cooperation, particularly right now.

I was extremely disappointed with the decision in the UK. I think it's a government that should have known better. They did it with regret, but I still think they should have known better. I think dangers are huge in both France and Germany with there are fiscal problems that there will be cuts, and there have already been a few cuts. It's looking fairly okay in a country like Spain. They are staying on track, and they want to increase their aid and they have sort of a fundamentally positive attitude, so they should be praised.

A good example of a country that's making improvement and staying on the path. I think Ireland is a good example as well. So, let's point out the good examples as well, but, for sure, in the short run we should be prepared for negative surprises.



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**Hisham Allam:** Yes, as you have said, we have to be prepared for the negative surprises. Dr. Göran, this has been an enlightening discussion. You have given us a lot to think about, not just in terms of aid cuts, but also the bigger picture of shifting global priorities, political ideologies, and what this means for the future of international cooperation. To our listeners, the conversation doesn't stop here.

What do you think we are witnessing the end of an era of foreign aid, or will new actors step in to reshape the landscape? Share your thoughts with us on social media or in comments. And if you found today's discussion insightful, make sure to follow DevelopmentAid Dialogues, so you never miss an episode.

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