

Economists' Moral Reasoning on Foreign Aid

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Introduction

Foreign aid is a generalized term for the “money, technical assistance, and commodities that the United States provides to other countries” (Ingram 2019). As this is an analysis of the moral views surrounding foreign aid, rather than a dissection of the efficacy of any specific aid project and program, philanthropist and longtime aid advocates Bill and Melinda Gates’s generalized definition of foreign aid can be useful for this particular study; “Foreign aid is nothing more than the money that the U.S. spends to help poor countries around the world to improve the lives of their citizens” (Bill Gates and Melinda Gates 2017). This summation can be applied to other rich nations as well. Aid has been defined as “a gift, or a voluntary extension of resources from one individual or society to another” (Hattori 2003, 232). Few critics question the morality of temporary emergency relief in times of crises, such as natural disasters, the major disagreements tend to arise surrounding long term development aid aimed at poverty reduction (Riddell 2008, 1). The moral case for the giving of aid is not a recent phenomenon but has been made since foreign aid was first proposed. Both private donors and governments tend to rely on moral arguments for the giving of aid, making ethical considerations a key component of the aid discussion (Riddell 2008, 120). Despite these ongoing moral claims, the precise ethical underpinnings of aid have received relatively little scrutiny (Collier 2018).

In the Judeo/Christian tradition, instructions regarding aid to the poor can be traced back much further to the Mosaic Law approximately 13 centuries before Christ. Then at the dawn of the Christian Era, Jesus Christ is recorded in Matthew 26:11 and Mark 14:7 telling his followers that “the poor you will always have with you.” However, in other passages, such as the story of the Good Samaritan, Jesus explained that one’s neighbor could be the poor, suffering and downtrodden in general, even those outside one’s own people group. This would seem to indicate that attempts at poverty eradication are on one hand futile, but that relief, at least on some level, should be attempted none the less. In the current globalized world of instant communication, nearly complete mass media coverage and social media connection, just about anyone, anywhere, could be considered one’s “global neighbor.”

Over the past 30 years extreme poverty has been greatly reduced in large countries such as India and eliminated in China, but despite some improving numbers in the early 21st Century, extreme poverty remains entrenched in small Asian countries such as Afghanistan, North Korea and Papua New Guinea and across Latin America and Africa, with Nigeria projected to claim the largest number of people (nearly 100 million) in poverty in 2022 (*ibid.*). Some of the most well-respected economists of today question foreign aid’s potential to bring growth to the developing world. Dambisa Moyo has asserted that foreign aid has not only reduced economic growth but made recipient nations worse off (Moyo 2009, XIX). Most aid will most likely not bring economic growth, as Paul Collier notes, when about 75% of the poorest billion people on earth can be found in recent or current conflict zones (Collier 2008, 5). Bruce Wydick warned against well intentioned one-size-fits-all aid programs (Wydick 2019, 73).

The vast majority of the world’s governments have now signed off on the United Nation’s 17 Sustainable Development Goals, one of which is the stated aim to “end poverty in all its forms everywhere” by 2030 (UN SDG 2015). Proponents of US foreign aid point to the decline in extreme poverty, improved health outcomes, rising life expectancy, near elimination of smallpox and polio, reduction in malaria and HIV/AIDS deaths in developing nations as reason for continued or increased aid (Ingram 2019). Rising standards of living in certain parts of

the world have required continual reassessment by economists of the foundational assumptions regarding aid to the developing nations of the world. Sowell notes that disparities in standard of living between nations and within nations is not a modern phenomenon but can be observed throughout recorded history (Sowell 2015, 1). Easterly points out that "we are all descendants of poverty. In the long run, we all come from the lower class" (Easterly 2002, 19). There are many well publicized proponents and opponents of foreign aid, many with competing reasoning and data, some even using the same data to substantiate opposing views. These discrepancies in understandings of the potential effects of foreign aid likely stem from differing a priori assumptions regarding the causes of wealth and poverty. Milton Friedman cautioned that policies should be judged on the basis of real-world outcomes rather than stated intentions (Friedman 1975).

Moral arguments for foreign aid are regularly made by many notable voices in the public square. President Barack Obama stated his approval of aid, saying that "as the wealthiest nation on Earth, I believe the United States has a moral obligation to lead the fight against hunger and malnutrition, and to partner with others" (Obama 2012). Similarly, his predecessor President George W. Bush proclaimed, "I believe that spending less than two-tenths of 1 percent of our federal budget to save millions of lives is the moral, the practical and in the national security interests of the United States" (Delk 2018). Bill and Melinda Gates stated "disease and poverty are the clearest examples we know of solvable human misery, and the moral case for wiping them out is clear on its face. The lives of millions and the livelihoods of billions depend on the programs that American foreign aid supports," adding that "spending a little to keep a child healthy isn't only a moral imperative; it is also a long-term investment in a secure and thriving world" (Gates, Bill and Melinda Gates 2017). The Roman Catholic Church likewise published a catechism declaring the ethical nature of aid; "Rich nations have a grave moral responsibility toward those which are unable to ensure the means of their development by themselves..." (The Vatican, 1992).

Moral Arguments of Aid Proponent Economists

It would be of little surprise to hear a philosopher, politician, activist, or aid worker lobby for increased aid flows from the more developed to less developed countries on moral grounds. In contrast to these schools of thought, economists tend to judge such concepts as poverty alleviation through the lens of scarcity, incentives, productivity, supply and demand and comparative advantage. However, it is of specific interest when economists make moral or normative arguments that may seemingly place economic constraints or realities to the side.

As a rule, economists in favor of foreign aid, are comfortable with regulation of markets, intervention in markets and technocratic planning at the nation state level. Believing that such interventions are necessary to "jump start" economies in order to extricate the poorest nations out of poverty traps that result in ongoing economic stagnation. Calls for a concerted, planned global drive to end poverty through international aid have come the loudest from preeminent economists such Jeffrey Sachs. Sachs's views can be summarized by the desire for developing countries to spend increasingly more on aid, that health interventions should be given free of charge in the developing world and that the poor should be enticed to do what development technocrats deem best for them (Banerjee and Duflo 2011, 14).

Sachs embraces planned development and injections of cash to break poverty traps. His ardent support for foreign assistance is based on western notions of morality, specifically the

obligation to help others in distress, as advocated by the Biblical concept of the Golden Rule (Sachs 2017). Sachs boldly claimed that "a nation built on iniquity cannot long survive" to rally support for aid expenditures (Sachs 2017). Sachs concedes that not all aid is equal, but good aid is worth the losses of bad aid (Sachs 2017). Some aid is wasted while some is highly effective, this good aid saves and improves lives, citing examples of medical relief such as bed nets, deworming, immunizations, HIV/AIDS drugs (*ibid.*). American responsibility is to fund effective aid, expand funding of effective aid. Aid is not demeaning or patronizing, when it makes the difference between life and death or schooling (*ibid.*). Sachs argues that aid is tiny portion of the annual US budget yet helps millions in the developing world (Sachs 2017). Sachs couches his arguments for poverty alleviation efforts in Singer-esque terminology - that the developed world merely needs to choose to end poverty in the less-developed world, similar to Singer's allegory of the bystander who only need decide that soiling his outfit is a worthwhile tradeoff in exchange for the drowning child's life (Sachs 2005, 2-3) (Singer 2016, 6-7).

Paul Collier sees a moral necessity in aid because specific poverty traps would otherwise keep the least developed countries in their impoverished state (Collier 2007, 5). Collier posits that the modern foreign aid regime does in fact stem from an overarching belief that there is a moral or ethical duty on the part of the richer nations to the poorer nations. Collier articulates a "duty of rescue from catastrophe" and a "duty of rescue from mass despair" (Collier 2018). Many accept the norm of a duty to rescue others from catastrophe, best illustrated by efforts to prevent needless deaths following some disaster such as earthquake, flood, famine, tsunami, etc. (Collier 2018). However, the majority of aid money given is not humanitarian aid or disaster relief grounded in a duty to rescue from catastrophe, but rather as development aid grounded in a duty to rescue from mass despair (Collier 2018). Most of the developing world is developing, however the least developed countries, home to the largest portion of the "bottom billion" are trapped in stagnation (Collier 2007, 99). Aid could potentially lead to catch up growth of developing countries with rich countries (*ibid.*, 80). Collier warns that aid is often too politicized to be functional or successful in getting bottom billion out of traps and subject to diminishing returns, specifically after 16% of GDP (*ibid.*, 99-100). However, aid does tend to speed up growth in the poorest countries, estimated to be an additional 1% of annual growth, which in comparison with no aid may be the only source of growth for the economies of the least developed nations (*ibid.*, 100).

Aid Expenditures & Income Inequality

Stiglitz points to the free-market economies that emerged following the collapse of communism, asserting that a one-size-fits-all approach does not work for economic development (Stiglitz 2006, XI-XII). Though worldwide poverty rates are dropping overall, the total number of people living in extreme poverty is rising due to population growth in the developing world (*ibid.*, 10). He warns that Smithian free market economics ignores "market failures" and leads to moral failings as profits are pursued above all else, overlooking costs to society (*ibid.*, 189-193). Extreme inequalities within countries limit economic growth, leading to political and social instability (Stiglitz 2015, 287). Reducing inequality has economic and social benefits (*ibid.*, 289). "Market economies are not self-regulating" and must be regulated if benefits are to be shared" (*ibid.*).

Bolton rebukes aid skeptics, pointing out that aid has never been delivered in an amount that would be effective (Bolton 2012, 146) There is consensus as to how much aid is needed to halve poverty, this amount has been promised by the richest nations but has fallen short overall of the goal of 0.7% of gross national income (*ibid.*, 146-147). More recently, foreign aid has been aimed at equalizing incomes within recipient states (Calderón, Alberto Chong, Mark Gradstein, 2006, 2). Similarly, equality between developed nations and the world's impoverished countries has become a further ethical rationale for development assistance according to Collier who notes a shift in aid practices (Collier 2018).

“To date, aid has nestled under the generic ethical banner of charity. Its presumed photogenic recipients, needy children, have appeared to be all the moral justification that was necessary. But the actual practice of aid has at times drifted quite far from a secure ethical anchor, which is necessary to prevent abuse of collective power.”

Piketty sees the unequal growth of capital accumulation globally by the financially well-off as a cause for moral concern. (Piketty 2014, 539) The amount of capital outflow exceeds the inflow of aid money, pointing to massive plunder by African elites. He proposes a global capital tax to justly redistribute wealth among nations (Piketty, 515-516). Modern borders were drawn arbitrarily, while natural resources are unequally distributed around the globe, leading to inequitable wealth accumulation. International redistribution of income from natural resources is necessary to enable resource-poor nations to develop (Stiglitz 2015, 287).

A Potential Third Way

There are a number of scholars who may find flaws with certain aspects of contemporary aid practices yet maintain a moral rationale in the positive outcomes of aid that they observe. Proponents of cash transfers to the poor point to the efficacy of such programs as a functional and moral substitute for the needlessly complex programs of the aid industry (Hanlon, et al., 2010, 4). These transfers programs not only improve lives in the immediate but gives personal agency to poor individuals to pursue their best options to climb out of poverty, in turn leading to broader economic growth (*ibid.*, 165). Advocates argue that transfer programs are a moral method to promote fairness, equity and empowerment through redistribution in line with the Universal Declaration of Human Rights that asserts the right to an adequate standard of living (*ibid.*, 34). Wydick's research confirms that various types of cash transfers generally lead to positive outcomes for recipients, whether through government programs or voluntary means such as child sponsorships (Wydick 2019, 118).

Duflo & Banerjee have conducted studies with results showing certain sectors where targeted aid can improve the lives of recipients, specifically in the medical sector. However, they caution that the worldview and aspirations of the poor in the developing world is not necessarily the same as those intent on helping them and there is a large gulf between what development experts believe the poor should do with their limited resources and what these individuals actually want to do with their resources (Banerjee and Duflo 2011, 34, 207). The motivations of the poor in the developing world must be understood if any meaningful programs are to be implemented on their behalf (*ibid.*, 265). Studies have confirmed that the poor in the developing world do not waste their money, are not disincentivized to work when receiving cash transfers, and enjoy improved outcomes with unconditional cash grants (Wydick 2019, 114-115)

Wydick promotes a moral case for compassion to be coupled with smart, effective interventions that have been empirically scrutinized to help those in need in the developing world. He bases his views explicitly on two Biblical texts - the Shrewd Manager in Luke 16, and the Good Samaritan in Luke 10 (Wydick 2019, 9-13). "Shrewd Samaritans," to use Wydick's terminology, must use their heart and their head - motivated by a desire for justice, with actions guided by well thought out strategies. Jesus used the parable of the Good Samaritan to extend one's neighborly duty to anonymous hurting people of no relation.

Human dignity and human flourishing of the individual must be at the center of development work, or it will dehumanize those it is intended to help (*ibid.*, 93). Aid efforts based in the Human Dignity framework are rooted rely on the Biblical concept that all lives have intrinsic value as the Bible states in Genesis 1 that all humans are created in the image of God, or the Imago Dei. The Human Dignity framework rejects the consequentialist utilitarianism of Affective Altruism as posited by Singer (*ibid.*, 92). Wydick states that poverty is a violation of human dignity, but so is excluding the poor from decision making regarding their own welfare (*ibid.*, 95). Human flourishing should be the ultimate outcome of aid efforts that affirm human dignity, such as improved health, education and economic outcomes (*ibid.*, 95). Wydick rejects one-size-fits-all interventions and promotes the positive outcomes of aid projects that specifically benefit the actual needs of individuals, rather than wasting resources on misapplied aid or inadvertently benefitting third parties as such charity organizations, corrupt governments or expansive transnational agencies (Wydick 2019, 73).

The Moral Arguments of Skeptical Economists

The moral arguments of economists against current foreign aid practices tend to rely on evidentiary outcomes and concerns for individual rights, rather than stated intentions to help the poor. Those who lean toward skepticism regarding aid efficacy view the negative secondary and tertiary effects, specifically on non-consenting individuals in recipient and donor states as a moral ill worthy of rejecting the modern aid regime. Furthermore, critics note the moral hazards that result when poor governance, bad government policies are enabled or incentivized in recipient states by aid flows. Skeptics of aid can be found on each end of the ideological spectrum, from the extreme libertarian to the Marxist. Thinkers from both these groups tend to be concerned with who actually benefits the most from the modern aid regime and the true cost to those in recipient nations.

Modern Marxists see a moral failing in foreign aid, believing that aid is given, not out of concern for the poor, but because "foreign aid is merely a tool for exerting the 'soft power'" of imperialist advanced nations (Oakland 2020). Marxists are concerned with elites and their cronies in rich countries using aid as a means to exploit the working class of their own nation while only a small portion of aid money actually makes it to the poor in need within developing countries (*ibid.*). Stemming from the Marxian view of imperialist exploitation, dependency theorists are likewise skeptical of any moral basis for aid, as "core nations" extract more resources and capital through their interactions with "periphery nations" than they return, keeping these poor nations trapped in an underdeveloped state (Dos Santos 1970, 231).

As a broad umbrella term for those in favor of free markets and individual liberties the terms "libertarian" or "classically liberal" can be applied. These thinkers are also similarly concerned with who the true beneficiaries of aid are and who truly bears the cost of these practices. Unlike Marxists, libertarian/classically liberal economic thinkers are highly concerned

with the effect of attempted economic planning, market interventions generally, individual rights and object to redistribution. However, libertarians/classical liberals do not object to charity. Often the fight against poverty is only presented as bimodal; the free market will solve all poverty related problems or that government intervention is necessary, to right economic wrongs (Olasky 1995, 4).

Skeptical economists look to the market rather than aid programs or other forms of economic intervention to lift individuals and their nations from poverty. Many view government intervention in the market as immoral, thus making international development aid a non-starter. Hazlitt pointed out in the 1970s that world poverty was on the retreat due to the growth of free enterprise, predicting relief would be of lessened importance as productivity grew. He boldly proclaimed that “The real problem of poverty is not a problem of distribution, but of production. The poor are poor not because something is being withheld from them, but because, for whatever reason, they are not producing enough. The only permanent way to cure their poverty is to increase their earning power” (Hazlitt 2021 [1972]).

Helping the Less Fortunate

Free-market critics of aid are not opposed to helping the less fortunate. P.T. Bauer reasoned that the term "aid" is meant to disarm opponents and silence critics who are then branded as lacking in compassion (Bauer 2000, 42). The biggest sticking point appears to be centered around who is choosing to give aid and who is deciding if that aid has been effective at helping its intended recipient. Very few economists, if any, in the aid debate hold the opinion that the poor should NOT be helped when possible (Banerjee & Duflo 2011, 5). The intellectual disagreements regarding aid are generally centered on the question of how best to help the poor (Banerjee & Duflo 2011, 6).

Milton Friedman asserted that voluntary cooperation is the best way to organize charitable activity and that it is ahistorical to believe that effective charitable efforts must come via government spending (Friedman 1990, 36-37). Advocates note that civil society organizations and mutual aid groups are preferable means to meeting the needs of the poor and have existed long before the welfare state came to into preeminence in the 20th century (Boaz 2015, 178-180). Hazlitt outlined an "ideal" assistance program that would supply everyone in dire need, through no fault of his own, enough to maintain him in reasonable health, would give nothing to anybody not in such need, and would not diminish or undermine anybody's incentive to work or save or improve his skills and earning power, but would hopefully increase such incentives. Hazlitt concedes that such a program, should it exist, would have aims that are not necessarily congruent and would likely end in some less-than-optimal mix (Hazlitt 2021 [1972]).

Historic Development

Skeptics assert that many contemporary "rich" or "developed" nations were less developed and desperately poor in the recent past yet managed to develop without external aid programs. If external subsidies were necessary for economic growth, "mankind would still be living in the Old Stone Age" (Bauer 2000, 44). Throughout history, various geographic areas have held more and less developed civilizations and polities, with gradual and or even rapid shifts in relative development or stagnation (Sowell 2015, 1-2). A brief scan of world history shows that technological, cultural, and economic flourishing have occurred on all inhabited continents at various times (*ibid*). A list of the richest and poorest nations in 1500AD would be

completely different from today (Acemoglu and Robinson 2012, 48). Civilizations in Central and South America were more developed than those of North America. China in its long history has alternately been the most advanced society of its time and later one of the most backward, and once again has become highly advanced. Egypt is an aid recipient today but was once the world's most advanced civilization (Sowell 2015, 1-2). Japan of 1850 and South Korea of the 1950's were nearly devoid of any modern technology, a sector in which both now dominate. Countries that experience periods of rapid growth or intense stagnation are not necessarily on set trajectories. Argentina was growing rapidly at the beginning of the 20th century while China was languishing, and by the 21st century these two had taken opposite positions (Acemoglu and Robinson 2012, 48).

For all human history, essentially everyone was poor, but now some are rich. While many individuals across the world are not "rich" by current standards, much of the world lives a life of relative luxury by historical standards as poverty has been declining at a rapid pace relative to historical progression. (Pinker 2018, 80-81). Many economists believe the increase of innovations and market economies have led to this increase in worldwide living standards. Aid skeptics tend to see poverty as an unfortunate historical reality throughout human history, not something newly arising in recent centuries (Pinker 2018, 79). Classical liberals & libertarians reject the notion that economies need to be jump started through some outside intervention in order to grow. "It is not the origins of poverty which need to be explained." – Sowell (Wealth Poverty and Politics). These economists would argue that the early developed nations, along with the recent rising economic powers, did not eliminate poverty through the external stimuli of nation building, wealth transfers, technocratic planning or foreign aid, but by governments pursuing policies that aligned with freer markets (Sowell 2015, 200).

Origins of Aid Money

Skeptics question who is making the decisions regarding the giving and receiving of aid and whether it is coercive at any point in the process. Private charity is the most desirable form of poverty alleviation to free-market economists, donors from the private sector can eliminate that specific concern regarding aid (Friedman 2002, 190). Unless money is voluntarily given individually or through private organizations, aid money must come from tax revenue, deficit spending or fiat money printing in advanced nations, at a cost for the citizens of those countries. Vance asserts that "the problem with aid is not that it is foreign, or aid" but that government expenditure on aid is immoral "because it is the forced looting of the American taxpayer to fund [foreign] governments" (Vance 2000). Taxation is also problematic for libertarians as it always requires coercion (Mises 2009, 34). Inflation is a byproduct of government spending and is considered a hidden tax on the citizenry (Friedman 1990, 294). Moyo adds a warning regarding the inflationary effect of aid on recipients' economies as well, which erodes local economies and contributes to a cycle of aid dependency (Moyo 2009, 61-62). Wydick notes the immorality of inflationary policies as these negatively affect the poor in a disproportionate manner (Wydick 2019, 9). Sowell cautions that "do something" policies and one-stage thinking in reaction to emotionally charged issues such as poverty often ignore tradeoffs and hidden costs and potential long-term outcomes in favor of positive feelings and political opportunism (Sowell 2009, 6-8, 13).

Skeptics are also concerned with the immoral nature of internationalists attempts to end poverty abroad through sweeping goals or careful planning but are essentially attempting to

central plan economies, despite the failed historical record of such attempts, even on a national scale. Friedrich Hayek labeled this the “knowledge problem” – the limit of knowledge to a centralized authority, when compared to the entirety of individuals making their own decisions (Hayek 1991, 77). Planners do not have the proper knowledge or incentives to successfully make decisions that will benefit individuals or businesses (Friedman 1990, 5). Development aid programs specifically are essentially attempts to plan economies, albeit from afar, and can never accurately predict the desires of consumers or movement in markets because all necessary information cannot be held or acted upon by external sources, in the manner an individual can react to new circumstances or information (Mises 1979, 29). Easterly agrees that many international aid efforts are immoral specifically because they overlook the concerns of and effects on the supposed beneficiaries of the aid (Easterly 2013, 4-7).

Helping the Less Fortunate

The poor tend to be skeptical of outsiders telling them what they need, and of what improvement may actually result from any theoretical development plans, often seeking to make their immediate situation more bearable instead (Banerjee and Duflo 2011, 34-38). Mises finds the undermining of individual freedom of choice due to outside intervention immoral, stating “A man has freedom as far as he shapes his life according to his own plan. A man whose fate is determined by the plans of a superior authority, in which the exclusive power to plan is vested, is not free” (Mises 2008, 285.) The planning of aid agencies and organizations ignores the oft-cited principle posited by Adam Smith of the “unseen hand” that guides self-interested individuals to improve society unintentionally, free from coercion, with no external planning or intervention (Smith 1976 [1776], 456). Bastiat noted “self-preservation and development is the common aspiration of all men (Bastiat, [1850], 2007, 3). Amartya Sen concurs that freedom is central to development, and the freedom of the individuals must be expanding in order for development efforts to be effective (Sen 2000, 4). Technocratic solutions rely on authoritarian policies, rather than freedom of choice for individuals through free market mechanisms (Easterly 2013, 121). Easterly asserts that “morally neutral approaches to poverty do not exist. Any approach to development will either respect the rights of the poor or it will violate them” (*ibid.*, 6)

Skeptics raise concerns that some aid projects are not even intended to lead to economic growth (Henry 2013, 159). Furthermore, aid programs will be undermined from the start if trade barriers, tariffs, and subsidies remain, and will in turn hamstring economic growth in developing nations (Bolton 2012, 222-229). Skeptics note that for the past 50 years foreign aid has failed to bring economic development to poor and failed states and cyclically undermines the governments in recipient countries as they are often bypassed by transnational agencies and aid organizations (Acemoglu and Robinson 2012, 451). Dambisa Moyo points out the negative effect of aid on civil society, as the need for strong bonds between citizens is lessened as recipients look to aid providers to meet daily needs (Moyo 2009, 58). Furthermore, government accountability is eroded as recipient governments are propped up by aid money and public goods are provided by international agencies and organizations (Moyo 2009 65-66, Moyo 2012). This in turn causes governments to be more concerned with placating donors rather than being accountable to their constituents (Easterly 2013, 6-7).

Divergent Interests

Sowell questions the morality of aid programs because of the perverse incentives created by such endeavors. Organizational incentives of aid providers are not the same as the intended

recipients of the aid and the aid providers, and similar to other bureaucratic entities are often “insulated from material consequences” of their decisions and “enjoyed immunity from even a loss of reputation after having been demonstrably wrong” (Sowell 2011, 10). The “customer” of many aid agencies, NGOs and PVOs are their donors, and their product is to continuously pump aid money, regardless of effectiveness, into developing countries (Moyo 2009, 54-55). Aid practices are not constrained by market forces or economic discipline and are enabled to continue on despite measurable failures (Sowell 2014, 520) Fixing the “problem” is not actually beneficial to aid providers, as the livelihoods of aid providers depends on the need for their “services” (Moyo 2009, 54-55). Politicians, aid workers and bureaucrats, have their own incentives, and do not know the wants and desires of thousands or millions of individuals who will be affected by their decisions, often in lands foreign to themselves (Sowell 2009, 17).

Aid organizations pursue their own agendas, not necessarily what is most needed is to boost economic output. Recipient states are harmed as aid organizations routinely siphon off any skilled workers with higher salaries than available locally, undermining business, education, and government sectors (Acemoglu and Robinson 2012, 451). Acemoglu and Robinson concede that humanitarian aid in times of disaster is more useful, though similarly inefficient to other forms of aid (*ibid.*, 452). Conditional aid has been one attempt to avoid moral hazard and the perpetuation of perverse incentives by requiring better behavior of recipient governments and efforts to move from extractive to inclusive institutions, yet conditional aid has a similarly poor track record (*ibid.*, 453). The current foreign aid regime can make citizens of donor nations feel as if some steps are being taken to address poverty abroad, unfortunately aid agencies and organizations have an incentive to maintain the status quo of “need” for aid (*ibid.*, 454). Nations need inclusive political and economic institutions to break out of poverty while aid enables the continuation of the immoral practices of extractive institutions in poor countries (Acemoglu and Robinson 2012, 453-454).

Wealth Inequality

Bauer posits that it was the implementation of international aid that actually triggered the emergences of the "Third World" and is the cause, rather than solution to the rift between the Global North and South (Bauer 2000, 42) Bauer agrees that monetary transfers and subsidies prop up repressive governments and incentivizes policies that lead to impoverishment (*ibid.*, 50-51). Multilateral and tied aid obfuscate the true beneficiaries of aid transfers; crony interests in the donor countries (*ibid.*, 52). Western guilt associated with historic colonialism should be rejected outright, as the richest countries in Europe never had colonies and many now wealthy states were once colonies, while certain non-colonized countries are now some of the poorest in the world (*ibid.*, 62). The claim that the developed world, specifically the West, owes aid to the developing world, due to colonialism, slave trade, international markets should be rejected as such claims lead to disregarding the effects of ongoing aid programs (*ibid.*, 53, 72).

Wealth inequality is reason for wealth transfers between developed and less-developed countries according to both Marxist thought and 20th Century Catholic leaders (Bauer 2000, 94-95). This belief is immoral and incompetent, promotes bad policies and envy as a virtue, while confusing the meaning of charity (Bauer 2000, 107-108). Classical liberals and libertarians embrace equality of opportunity but reject the pursuit of equality of outcome or any arbitrary redistributions in the name of fairness because such goals always require coercion and the reality on this earth is that "life is not fair" (Friedman 1990, 132, 135-137). Skeptics rebuke the notion

that equal outcomes between groups or nations would exist if not for some exploitation or structural constraint. Individuals and various groups have different historical progressions and hold different ideals, interests and goals, while equal outcomes cannot even be found among children raised in the same family (Sowell 2018, 6-11).

Conclusion

Many moral arguments can be made in favor of or against foreign aid, and economists have a unique window into both the desired and realized outcomes of foreign aid. Economists as a group tend to be primarily concerned with economic metrics of productivity, cost-benefit, alternative uses of scarce resources and tradeoffs, it is of great interest to note their concern regarding moral questions and the ethical component of economic policy implementation on individuals. While it is understandable for proponents of aid to desire to bring resources to bear in the immediate to combat the very real suffering of those in extreme poverty, contemporary aid practices must be rigorously analyzed for moral and philosophical consistency to ensure that aid activities “do no harm.” The current national economies visible in the world have developed in a very short time frame, historically speaking, and the example of nations that have already risen from a baseline of poverty should give some hope that any nation can develop quickly. The stated ideals and virtuous desire to help impoverished people in the developing world in the immediate is understandable. However, the principled concerns for individual rights and liberties and the desire to avoid harmful outcomes must be at the heart of modern foreign aid practices.

Any implementation of aid that ignores the human dignity of recipients and perpetuate ongoing oppressive practices in recipient countries must be altered or ended immediately. Government aid expenditures are morally questionable from the moment the funds are taxed or printed and remove personal choice from both the donors and the recipients. Private voluntary relief efforts have historical precedent, create stronger civil societies, are subject to market principles and can more quickly reflect changing needs on the ground in a way that centralized technocratic planning cannot. Morally corrupt means cannot justify or lead to ethical outcomes and undermine the claim of aid being a moral necessity. Economists are uniquely positioned to assist in the rational study of various styles of interventions which can lead to the most effective and least-centralized methods of poverty alleviation that will enable aid efforts to maintain moral consistency and avoid harm throughout the financial transfer.

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