

Ethics in International Development

Whether it's Bono organizing a concert for AIDS relief or Angelina Jolie speaking about the plight of millions of the world's children, nothing has become more popular than promoting international aid to Africa. Celebrities, politicians and the world's rich all pontificate on the need to save the rest of the world by sending a massive influx of aid relief that will finally raise developing nations out of extreme poverty. But what is popular is not always right.

Does the West really know where to direct aid? Who should be put in charge of the valuable resources sent to help the poor? What mechanisms are in place to ensure that the people who really need aid will receive it? How does one even know if foreign aid guarantees the outcomes it is sent to ensure? As long as aid demands continue to be made in sound bytes ready for the national media and MTV these questions will never be addressed. If the advocates of increasing foreign aid truly care about improving the conditions of the world's poor, and not just about making themselves feel better, the answers to these questions must be investigated before action is taken.

Two authors have attempted to address some of these questions in their books on aid to the developing world. While they arrive at vastly different conclusions they both attempt to address the infinite questions surrounding the effectiveness of foreign aid. Jeffrey Sachs in his book titled "The End of Poverty" joined the "popular" crowd in his quest to ramp up foreign aid spending. While Dr. Sachs attempts to use economic data to support his increased calls for foreign aid funding, his book fails to clearly establish the effectiveness of foreign aid. However, this does not mean his book is without purpose. If popular movements use social pressure to achieve positive goals then drastic changes can occur. Dr. Sachs, Bono and the myriad of other celebrities can wake the general public from a coma of isolation and a refusal to acknowledge the

horrors that occur daily in the rest of the world. By helping people in the West understand the conditions faced by individuals in developing nations, Dr. Sachs increased support for foreign aid spending.

In “The White Man’s Burden” Dr. William Easterly demands that Western nations own up to their past actions in the developing world and begin to take account for the impact of foreign aid. Dr. Easterly forces the aid community to examine the effects of foreign aid that are often ignored. He argues that foreign aid is often ineffective and can actually have a negative impact on countries it is designed to help. Dr. Easterly states that foreign aid needs the same type of policy recommendations that are often directed at developing countries: a diversification of investments, independent monitoring of outcomes and a requirement that aid organizations take responsibility for the outcomes of their actions (Easterly, 370). While these recommendations are unpopular to many, they represent one way to improve the dismal success rate of foreign aid intervention.

Many individuals see these two authors’ recommendations as incompatible. One cannot possibly support both Dr. Sachs and Dr. Easterly. However, it is possible to support both if one considers each author to have a different purpose. Dr. Sachs wants more money to be spent on aid and Dr. Easterly wants the money to be spent more effectively. It is possible to support both if you realize that Dr. Sachs has a comparative advantage in raising money and Dr. Easterly understands how to distribute it more effectively. Both of their recommendations can be accepted if they are put towards different components of the same problem: how to improve the effectiveness of foreign aid.

Foreign aid is a controversial issue in domestic politics, regardless of the industrialized country where it is being discussed. A common objection to supporting increases in foreign aid is

the belief that developed nations were able to grow by themselves in the past. If the West was able to do it why do these other countries need help? Why can't they do it themselves? Dr. Sachs argues that these nations are stuck in a poverty trap and need aid to move them up the development ladder (Sachs, 19). However, this response does not answer the original question; who helped Europe move out of the poverty trap of the dark ages? The answer is no one and this is why Dr. Sachs answer is unsatisfying.

It is possible that the reason the West was able to pull itself out of the poverty trap was *because* no one was there to "help" them. Few people acknowledge that the methods used during the development of the West are no longer acceptable options exactly because they were already used to propel the West to economic success. Let's pretend that an imaginary continent experienced an industrial revolution in 1400's and was an economic superpower by the time Europe got around to the Renaissance. How would the presence of a more developed nation have impacted Europe's development? While all factors cannot be accounted for let's re-examine a few major historical events with this new superpower in mind, ready to "help" at the first sign of trouble.

Great Britain is often considered to be the leader of the economic transformation that led the development of Europe and eventually the United States. However, would Great Britain have achieved such astonishing success if a "West" had existed during their development? The answer is probably not because many of their activities would have been prevented. An economically advanced big brother would not have let Great Britain colonize the numerous nations that powered their growth. Therefore, they would not have had access to the vast quantities of raw material that they extracted from their colonies. The widespread colonization that led to the

growth of so many European countries would most likely have been impossible if an economically superior nation had existed.

In addition to preventing colonization and mass resource extraction how would a superpower have felt about the French and American revolutions? These two events are often viewed as critical turning points in world history. However, it is unlikely that if our imaginary superpower reacted to revolution the same way the West does know that either of these historical events would have occurred. A superpower would most likely have restored King Louis after the French revolution and would most likely have sided with the British during the American Revolution. Even if the Americans had been allowed to discard British rule would they have been left alone to create their own government? If our imaginary superpower followed current international policy protocol the answer is most likely no.

Even if we imagine a more enlightened superpower that acted more benevolently than the west has been known to in the past the United States would not have developed as quickly as it did. First of all, a massive genocide occurred following the American war for independence. The Native American population was essentially destroyed. While the West has conveniently ignored genocide in the past the pretend superpower may have taken notice and stepped in to prevent the destruction of the native population. Even if they had ignored the genocide, the West loves nothing better than to try and resolve a civil war through peace talks and negotiations. The American civil war would have been interrupted before a decisive winner was decided. A shaky peace agreement might have been reached and the conflict would never have been truly resolved. The stability achieved by a concrete northern victory would never have been occurred. As these examples illustrate if an imaginary superpower had existed to provide aid and expertise to a fledgling Europe it is unlikely that the West would have been able to develop as quickly or as

successfully as they were able to. Regardless of why they were first, certain advantages accompanied this position and the circumstances around that development should be recognized when analyzing current development attempts by the rest of the world.

Luckily for the West, they were the first to develop and did not have to account for the influence of a more powerful neighbor. In addition to policy interference, the influx of foreign aid affects economic outcomes and not always in positive ways. Foreign aid is often a majority component of developing nation's budgets. This makes it a resource for developing governments similar to oil or mineral deposits. If one resource dominates economic outcomes in a resource rich country then economic disaster can occur because the leader only monitors the performance of one economic variable. A multitude of research studies have been published on the "resource curse" described above. The resource curse describes the trend that countries abundant in natural resources tend to have worse economic growth as compared with their resource poor neighbors. While this may seem counterintuitive it has proven true across numerous regions and countries. Because political leaders have a resource to rely on that is independent from the people there is little incentive to create economic policies that will promote growth for the entire economy. As long as the political leader has access to resources no drive exists to improve the economy because all government revenue is derived from the lone resource (Auty, 1999).

The resource curse was first used to describe economies dependent on natural resources but the problems should also develop with dependence on foreign aid that funds a majority of the governments' expenditures. In fact it seems possible that the resource curse caused by reliance on foreign aid may create even worse incentive structures for leaders than dependence on a single natural resource. This is because the quantity of foreign aid is tied to the economic performance of the country. Poorer countries tend to get more aid. Unlike oil revenues, foreign

aid will start to decrease if a country begins to improve economically. Therefore, a corrupt leader might have an incentive to ensure that the economy stays stagnant or regresses to ensure that foreign aid flows stay sufficiently high. This distorted incentive structure does not exist for leaders dependent on natural resources.

This reasoning, if validated, could prove to be a strong counterargument to Dr. Sachs concept of the “Big Push.” Dr. Sachs advocates that poor countries need a huge influx of aid to raise them out of the poverty trap (Sachs, 256). He argues that a complete package of services needs to be introduced and only then will true economic growth occur. However, if this package causes foreign aid to become a majority of the budget the distorted incentives become possibilities. Unless strict measures are implemented to ensure that all aid reaches the intended recipients, aid agencies are providing a resource pool for an advantageous leader to derive a profit from. Also if it becomes clear that foreign agencies are willing to provide all social services any previous incentive for the government to provide these services evaporates.

Instead of the Big Push that Dr. Sachs promotes, Dr. Easterly recommends a diversification of aid projects into many small and specialized projects that have set objectives and that can be held accountable for the success or failure of those objectives. To accomplish this goal increased feedback from aid recipients is crucial. Dr. Easterly points out that feedback in the West is accomplished through democracy. Aid agencies stress the importance of democratic governments in recipient countries but there is no accountability in the governance of foreign aid projects (Easterly, 381). Remote donors often decide which projects are funded and there is no mechanism in place to hold aid organizations accountable for results. Instead of a big push of aid funneled through governments that are not always reliable, funding should be given to small groups capable with specific goals to be completed in a given timeframe.

Opportunities to match donors with local projects of this nature are already under way. One website that tackles the problem of matching small scale local aid requests with international donors is globalgiving.com. The website allows project coordinators to post projects on the website with a funding goal. Potential donors are free to browse the website and can give to an organization of their choice. Project coordinators post progress updates so donors stay informed of the impact of their gift. The website also offers a refund in the form of a voucher to all donors. This proves that the website coordinators have carefully researched each project and are willing to guarantee the legitimacy of the projects. Small opportunities of this nature could help revolutionize the distribution of foreign aid.

Unfortunately, small projects like the one described above can not solve the problems of the extreme poor by themselves. As long as problems exist that require large economies of scale to be successful the role of massive aid organizations can not be overlooked. But what type of projects should large agencies address. Dr. Sachs would argue that every problem of the poor needs to be addressed simultaneously in a massive push. However, as the text above indicates this strategy will not be pursued. Instead aid agencies need to focus on improving basic needs of those living in extreme poor.

Foreign aid specialists from The International Monetary Fund and The World Bank often discuss the need for economic growth above all else. In order to accomplish this prioritized goal they often recommend policies that prevent governments from getting basic resources to their citizens. Before economic growth can occur, developing nations need a workforce that is not listless from malnutrition and sick from a variety of preventable diseases. Improving agricultural yields and healthcare outcomes should be the first priorities of foreign aid.

Support for this recommended focus on agriculture and healthcare can be found by examining former third world countries that have now achieved some degree of economic success. China and India are two countries that began their economic transformation through revolutions in the agricultural sector. China's agricultural revolution began in Xiaogang, China; a rural village comprised of peasant farmers. A few farmers met secretly and decided to cast off the communist system of communal farming and instituted property rights (Easterly, 107). This seemingly simple action, the creation of property rights, allowed the Chinese peasants to feed themselves. Instead of rejecting the peasants insight, communist officials adopted private farming and as a result saw crop yields skyrocket. China went from a poor nation that was unable to keep its people from starving to a nation posting the highest consistent growth rates of the last 30 years. While many other factors contributed to the massive growth spurt, it all began in the agricultural sector. When people can feed themselves, new opportunities arise.

India's Green Revolution is another example of how agricultural reform allows future economic growth to occur. In the 1970's, thanks to the work of plant breeders, several high yield versions of familiar crops were introduced in agricultural regions of India. The crops were a success and for the first time in history, India no longer had to worry about mass starvation (Sachs, 177). Just as in China, the agricultural revolution did not guarantee economic growth. Instead it made economic growth a possibility. Regardless of which economic policies are adopted, if a significant portion of a population is suffering from malnutrition, little economic growth can occur because worker productivity will remain low. Both of these countries illustrate the benefits that can accrue once mass starvation is eliminated through agricultural reforms.

Even with these two shining examples the IMF, World Bank, and donor nations often refuse to allow countries to offer fertilizer subsidies or introduce high yield seed at a reduced

cost. These countries insist that developing nations follow free market practices even if it means that farmers will be denied access to desperately needed fertilizer. Malawi is a perfect example of the positive benefits that can occur when agriculture is made a priority. In 2005 almost 5 million of Malawi's 13 million citizens received emergency food aid to prevent starvation. In 2006 Malawi's President refused to give in to donor demands and insisted on heavily subsidizing fertilizer. As a result, this former food aid importer is now the largest exporter of food in sub-Saharan Africa. For the first time Malawi is able to not only feed itself, but actually export goods for a profit (NYT, 12-2-07). While this is no guarantee that further economic growth will occur in Malawi, it does guarantee that true growth is now at least a possibility. Previously, with almost half of its population starving, growth was unlikely. With lower rates of malnutrition, disease rates should also be expected to decrease because individuals have the caloric resources to battle pathogens. If crop yields remain high, it is possible that people could begin to specialize with fewer people having to farm for survival. This specialization could spur economic growth. While these predictions are only possibilities, something as simple as fertilizer subsidies created possibilities for economic growth where none had existed before.

Once a population moves away from the brink of mass starvation, the next priority should be improving basic healthcare. When diseases consistently ravage populations it is difficult, if not impossible, for economic growth to occur. Africa represents a complex healthcare challenge because of the myriad of diseases afflicting people. From preventable conditions like malaria to the worst virus to plague man in centuries, AIDS, Africa must combat all of these conditions even though each disease requires its own treatment approach to be effective.

Controlling disease is a necessary condition for economic growth. An excellent example of this fact can be found by tracing European health and economic development. The dark ages

are considered a time of economic stagnation accompanied by terrible disease. From the Black Plague to Smallpox, Europe had its share of horrendous diseases. As these diseases ravaged the population little economic growth could occur because much of the workforce was incapacitated due to a plethora of disease. Additionally, high birth rates due to high rates of child mortality resulted in little investment per child. This resulted in a burgeoning population, sick from disease, with a low rate of investment in human capital. Not exactly an excellent formula for economic growth, and yet people continue to be surprised that African countries have such low growth rates, even though they face the conditions described above.

Europe was not able to take off economically until these diseases were addressed. People slowly began to understand how the plague was transmitted and outbreaks decreased. Edward Jenner found a vaccine for smallpox that would save billions of lives throughout history. Basic medicine began to improve as the importance of sanitation was realized. All of these advances led to a healthier population which made it possible for economic growth to occur.

Thanks to World Health Organization efforts Africa no longer has to face smallpox, however, an equally preventable disease has not received the same attention. Malaria remains one of the largest killers of children under five. Once infected, malaria can be lethal. However, simple and inexpensive measures such as a bed net used while sleeping can be extremely effective. Something as simple as a bed net should be the ideal product for aid organizations to distribute. Very little training is required for proper use and recipients do not need follow up appointments with medical personal after they have received the net. The key is educating people to ensure that they understand the importance of using the nets.

Even though the bed net seems like the ideal item for aid organizations to distribute, there are still numerous problems. Donated nets often do not find their way to the people who need

them most. Also usage rates among people who received nets for free is quite low. According to Dr. Easterly these problems exist because planners remote from recipients are determining where the nets go and who receives them. Instead, he advocates that recipients who want nets be required to pay a small fee for them. Additionally, local health workers responsible for selling the nets would receive a small portion of the sale to keep for themselves (Easterly, 13). This use of the market makes sure nets go to the people who actually value them. Allowing healthcare workers to keep a small percentage of each sale also provides an incentive for workers to keep nets in stock at locations where they are in demand. A market system that utilizes the knowledge and preferences unique to each community will be far more effective than a system where donors have the power to choose who receives life saving products.

Installing a market based system to fight other preventable diseases is an exciting possibility. If a similar setup could be established to distribute vaccines for childhood illnesses or oral rehydration therapy for common ailments like diarrhea significant advances could be made against these preventable diseases. While it is impossible to guarantee that a market based solution will work, it is possible to agree that the current solution is failing. In a world where treatments are available for as little as 12 cents per dose it is unacceptable that the treatments are not reaching those who need them. When cost is not a prohibitive factor something must be wrong with the distribution of the product in preventing its delivery. That problem is created by donors acting as planners trying to organize who gets what and when. Unfortunately, coordinating the delivery of medicine across a continent without an understanding of local preferences is too complex a task for even the best intentioned planners.

The challenges to treating disease are infinitely compounded when treatment price skyrockets from a few cents per dose to thousands of dollars per patient. This is the case with

treatment efforts for HIV/AIDS. The world has not seen a disease as lethal as AIDS since smallpox. AIDS has decimated a generation of adult Africans leaving behind a generation of orphans to be cared for by their aging grandparents. The disease has paralyzed economic growth by killing much of the adult workforce (Sachs, 201). Economic advances can not be made if the majority of the workforce is too sick to actually work.

The complications from AIDS are compounded by the fact that no effective treatment or prevention yet exists. Until a vaccine or cure is developed AIDS will continue to stunt African growth. What treatment does exist has been prohibitively expensive and complicated to administer. Antiretroviral therapy (ARV's) used to cost thousands of dollars per patient. While donations from drug companies and new production methods have significantly reduced this price the treatment is still too expensive to be available to all individuals affected with the disease. Even if treatment price was somehow dramatically lowered it could still not be mass distributed. This is because while ARV's are often the only shot patients have at life, they cause a variety of complicated side effects. Patients need to be monitored by healthcare workers who are able to adjust dosages to control side effects. Additionally if the medicine is not taken correctly the HIV virus can mutate and develop resistance. It is for these reasons that it has taken so long for donors to make AIDS treatments widely available.

Even with these complications people possibly infected with the disease need to believe that treatments are available. If no treatment is available no motivation exists to get tested. If individuals are not tested they will never know their HIV status and will continue to spread the disease to others. Dr. Easterly disagrees with this point by playing a numbers game, he points out that many more lives could be saved if the money used to buy ARV's was instead directed to mass purchases of cheaper medicines. However, Dr. Easterly fails to account for the lives saved

by prevention. Because ARV's became available more people were tested and therefore fewer people should have been infected. Avoiding new infections is a key component in controlling the AIDS epidemic. Oddly enough, in this situation treating AIDS can be thought of as a type of prevention. While this paper could continue on indefinitely discussing possible prevention and treatment measures for a host of infectious diseases that affect the developing world, the main point is that the healthcare situation in these countries needs to be improved for the economy to grow. As long as a majority of the population continues to be sick growth will remain elusive.

Many people will ask what about education and infrastructure and electricity, don't these things deserve some portion of foreign aid funds. The answer is that in an ideal world of course they deserve to be funded. However, in the imperfect world that exists, funding is limited. Choices have to be made between projects. The reasoning above explains one argument for why agriculture and healthcare should be given priority. However, this is not the logic that has to be followed. It is the Poor's voices who should be consulted when making difficult choices between aid projects. Donors need only ask the poor which project they value most. While deciding between a new school or a healthcare clinic is not a choice anyone wants to make, the people affected by the choice most should have the final say. Planners, like Dr. Sachs, seem incapable of recognizing the fact that these types of decisions must be made. Maybe this is because planners have never had to make a decision of this magnitude that affected their very survival. People in developing nations however, are forced to make these types of decisions daily. Since they have the most experience with decisions of this magnitude and they are the ones affected by the decision it seems only logical that donors follow the Poor's preferences. Unfortunately, foreign aid rarely follows the dictates of logic.

