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Freedom Team of India

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Come on, liberals: Let's change India!

Banishing the concept of foreign aid

[Sanjeev Sabhlok](#)

In a civilized free society no one can, or should, be self-sufficient. Division of labour is a typical feature of free societies by which each worker specializes and produces only a small part of what he will ultimately consume. The rest of his needs are met by exchanging, in the marketplace, the goods or services he produces. Therefore no one is self-sufficient. But this does not (or should not) imply dependency. Indeed, the citizen of a free society is an exemplar of self-reliance and independence, and declines charity unless he is in desperate need.

Unfortunately, the concepts of self-respect and self-reliance are totally missing from arguments made by those who insist on increasing foreign aid. Thus, in 2007 the philosopher Peter Singer asked rich countries to spend \$808 billion each year in foreign aid.¹

Aid violates human dignity

The liberal opposes foreign aid. He believes that except for life-threatening emergencies, no one has the right to help us without our prior consent. Self-respecting people insist on being left alone to determine their own destiny, no matter if it leads them to privation and distress. Far better to live in self-created poverty than to receive foreign aid that humiliates the recipient while exalting the donor.

It is one thing for rich nations to trade with poor nations but quite another to look down upon them by foisting unwanted foreign aid. That their 'generosity' is suspect is evident from the many trade restrictions they impose on developing nations. It is high time for the West to stop this farce and stop carrying the 'white man's burden'. Let the poor nations be left to their fate.

Poverty is *never* caused by shortage of foreign aid

The liberal opposes foreign aid because he knows that foreign aid has nothing to do with removal of poverty. Poverty has *never* been caused by a shortage of foreign aid! Recipient countries can, if they want to, bootstrap themselves and become wealthy in less than a generation by adopting the policies of freedom. Capitalism can readily – and without fail – transform poor societies into wealthy ones. But poor countries choose to decline the medicine provided by the Adam Smith pharmacy, preferring the sweet poison administered by Karl Marx & Co., instead.

Therefore, if countries like India want to be poor, what can foreign aid do to stop their desperate mania? Throwing money into such socialist dens of corruption can't ever help the poor, anyway. In such countries, foreign aid quickly finds its way into Swiss bank accounts of corrupt politicians and bureaucrats. Even where aid is directly supervised by donor nations (as in Afghanistan or Iraq) corrupt practices can easily creep in because no one is accountable. As Peter Bauer found, foreign aid usually makes poverty worse.²

¹ Singer, Peter, 'Giving till It Doesn't Hurt', *The Age*, 6 January 2007.

² See his 1991 book: *The Development Frontier: Essays in Applied Economics*.

Countries like India can, if they want, readily eliminate poverty by using a negative income tax regime (see [my article in the August 2009 issue of Freedom First](#)). But they don't want to eliminate poverty. They want, instead, corruption-ridden subsidies and misdirected wasteful programs. And if that is what they want, then that is what they should get. Why should foreign nations interfere by giving foreign aid?

Aid arms dictators and increases genocides

There is also a deeply sinister side to foreign aid. Foreign aid is fungible. During a drought, local politicians would have bought food worth Rs. X of their country's own money for the poor; but with foreign aid taking care of food, they can happily divert Rs. X to purchase guns. Aid therefore strengthens totalitarian dictators and increases genocides and global terrorism.

Teach the poor to fish, don't give them fish

The most important argument against foreign aid is that it is only a palliative. Charity can give people fish to eat today but it can't teach them to fish. It also becomes additive, particularly for bureaucrats of international organizations who need poverty in order to protect their jobs.

The permanent cure for poverty is therefore clear: not to keep giving fish but to teach the poor how to fish. Genuine well-wishers of the poor should therefore stop all charitable work and become equal partners and friends of the poor. They can, as part of this role, teach poor nations about freedom and good governance. Taking this approach is not only ethical, cheaper, and far more effective, it will also ultimately protect the West from terrorism.

But before the West can think of teaching freedom to poor nations, it must throw open its markets and eliminate trade barriers. Its credibility will remain suspect until it actively supports free trade.

Having done that, it can adopt a range of respectful methods to teach the poor nations. One way could be to make the classics of freedom (such as books by Adam Smith and John Locke) readily available at low cost in bookshops in poor nations. Apart from this general educational approach, it is crucial that Western nations do not *directly* teach poorer nations; for that could be interpreted as racist arrogance. Freedom must be promoted through poor nations' own nationals.

Developing country liberals can be supported by giving them scholarships to study in good Western universities provided they commit to return to their countries afterwards. Forming official partnerships with poor nations should also be explored. One example could be the secondment of developing country bureaucrats to local, state and federal governments of the West where they will pick up the processes of good governance. Finally, policy partnerships can be created through which the rich and poor countries jointly work on agreed policy areas such as regulatory reform.

No matter which method of engagement with the poor nations is chosen, one thing is clear: that the calls by international organizations and utopian philosophers to establish global foreign aid 'targets' should be rejected outright. The best foreign aid target is precisely equal to zero; not one cent more.

Compensation for pollution

There may be cases, unrelated to foreign aid, where rich countries can be called upon to transfer funds to poorer nations. This can arise where developing countries experience negative externalities from pollutants such as greenhouse gas emissions emitted by rich countries. I should note here that this argument is contingent on unequivocal proof of harm (particularly in the case of CO₂, there are numerous dissenting views about whether it is a pollutant in the first place). Such compensation must not be made out to the governments of poor countries. Instead it should be transferred to private businesses that 'clean-up' the environment, such as by growing new trees.

Freedom Team of India, and Adharshila

The Freedom Team of India (<http://freedomteam.in/>) has now floated [Adharshila](#), a concept that involves creating ground-level branches to promote liberal ideas. The team has also established a

[Speakers Panel](#) comprising eminent Indian liberals. An increasing number of opportunities therefore exist for all Indian liberals to get involved. Please join! Even small contributions of your time and effort will quickly add up.

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