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Africa Needs Freedom, Not “Aid”

by Sheldon Richman

Politicians are never more dangerous than when they are thinking: “We’ve got to *do* something!”

Take the last G8 meeting in Scotland. The rulers of the most advanced economic powers (and Russia, go figure) met with the intention of looking as though they were doing something to end poverty in Africa. They pledged to double the amount of money they will send to the continent by 2010 to \$50 billion a year.

Most accounts of this meeting, such as the one in the *New York Times*, spoke in terms of “addressing African poverty” and “commitments by the eight nations to double their aid.”

Let’s get real. No “nation” made any commitment. Eight presumptuous men, who produce nothing but impediments to production by others, promised to coerce their taxpayers to surrender the money. The forced transfers will not constitute *aid* if by that word we signify long-term *help* for the victims of Africa or the means to create prosperity. Who defines the terms wins the debate before it starts. One cannot assume that government handouts are truly aid. One must *prove* it — or try. History and theory prove otherwise.

Over the last 40 years billions and billions of dollars have been given to governments and nongovernmental organizations in Africa, yet, according to the World Bank,

average per capita income [in sub-Saharan Africa] is lower than that at the end of the 1960s.... The region contains a growing share of the world’s absolute poor....

That’s some track record. Any sensible person would have long abandoned any course with those dismal results.

On what grounds, then, do we call the money “aid”? As the late P.T. (Lord) Bauer, the great development economist, wrote many years ago, the term “aid” prejudices the effects of the money: “Either gifts or doles would be much preferable [terms] on logical grounds as a description of these transfers.”

In a later essay, Bauer added,

The terminology of aid itself has much assisted its uncritical acceptance. Above all, this applies to the term aid. The expression itself suggests help to one's fellow men, implying humane and compassionate conduct. The very word obscures the fact that it refers to official inter-governmental wealth transfers, to the transfer of the taxpayers' money to foreign governments. Aid also suggests plainly that it must inevitably be of benefit to the peoples of the recipient countries, and in particular that it promotes development and relieves poverty and suffering. As we have seen, these assumptions are unwarranted, and indeed often the opposite of the truth. It is the rulers who usually benefit, and not the population at large.

Rediscovering Bauer

The refocus on Africa's plight creates a perfect opportunity to discover (or rediscover) the indispensable work of Bauer. A virtual lone voice for many years after World War II, Bauer heroically stood against the monolith of socialist development "economics," demonstrating that undeveloped societies need the same things that everyone else needs: individual freedom, private property, and strict limits on government power. His highly readable works, which include *Dissent on Development* and *Equality, the Third World, and Economic Delusion*, are well worth study. (I put the word *economics* above in quotation marks because, strictly speaking, any theory that denies the existence of wealth-creating market forces cannot be properly considered "economics.")

Whatever the money may be called, is it needed to lift Africa out of poverty? The answer is no. As Bauer wrote in the 1960s,

Foreign aid is clearly not necessary for economic development, as is obvious for instance from the very existence of developed countries. All of these began as underdeveloped and progressed without foreign aid. Moreover, many underdeveloped countries have advanced very rapidly over the last half century or so without foreign aid.... There are many such countries in the far east, south-east Asia, East and West Africa and Latin America. Nor is foreign aid a sufficient condition. It cannot, for instance, promote development if a population at large is not interested in material advance, nor if it is strongly attached to values and customs incompatible with material progress.

Here is Bauer at his best. No one has answered his most basic challenge: if Africa requires aid from the wealthy countries to get out of poverty, then how did the wealthy countries get wealthy in the first place? Not that long ago the whole world was undeveloped. What happened? But that question is not asked by the tax-financed development experts, whose error (or interest) lies in thinking that poverty, rather than wealth, needs explaining.

If the experts were right, there would be no Hong Kong as we know it. Half a century ago, Hong Kong was a crowded, impoverished rock with no resources, not even drinking water. Today it is a thriving place, filled with entrepreneurs and other energetic, productive people. According to the philosophy of establishment development economics, Hong Kong should have been impossible.

The causes of wealth

The key to Hong Kong is in its demonstration of what is *not* necessary for development. The central planner typically emphasizes the need for capital, natural resources, education, and infrastructure. As Bauer wrote, those are consequences, not conditions, of development.

The outstanding lesson of Hong Kong is the overriding importance of personal attributes and motivations, social mores and appropriate political arrangements for economic achievement.... Hong Kong bears out that population increase is not an obstacle to progress, that suitably motivated people are assets not liabilities, agents of progress as well as its beneficiaries. It shows also that economic performance owes little to formal education. In Hong Kong as elsewhere in the Far East, the economic performance or success of hundreds or thousands or even millions of people has resulted not from formal education but from industry, enterprise, thrift and ability to use economic opportunity. This is disturbing to professional educationalists, who like to market their wares as necessary for economic achievement.

The money given to the governments of underdeveloped countries is worse than ineffective. It is harmful because it politicizes societies, enriches politicians and parasitic organizations, and discourages productive activity. Political decision-making in economic matters, which is strengthened by aid, is not good for people, because it makes the possession of political power the overriding imperative; one's life may depend on it. This is why the popular idea that aid should be given only if African governments root out corruption is nonsense. Even if they could end corruption (have the G8 governments ended it yet?) aid would be inimical to progress.

As Bauer pointed out, material progress grows out of work, the division of labor, trade, saving, investment, and secure property rights. The precondition is a culture that neither discourages nor impedes the creation of wealth. Don't people need startup capital? Much will be generated by the people themselves, but if the above-mentioned conditions are fulfilled, foreigners will be eager to invest.

There is a way for the West to help, but it is only by doing the things it ought to be doing anyway: opening its markets to all producers. There is no greater hypocrisy than in shedding tears for the poor of the world while burdening their exports with tariffs and quotas.

As for the African loans, the issue is morally clear-cut: The loans granted to dictatorial governments cannot be attributed to the downtrodden people of Africa. Therefore, they must not be taxed to repay those debts. The dictators who built up big Swiss bank accounts for decades should be held personally liable for the debts. The African people should not be.

Finally, no discussion of African poverty and the Western response can be complete without addressing the matter of guilt. It is widely held that Africa is poor because the West is rich. Nothing could be more absurd. In becoming rich, the West produced a huge surplus of goods and labor-saving devices that girded the world. A poorer West would have meant a poorer, not a richer, Africa. In perhaps his most famous essay, “Western Guilt and Third World Poverty,” Bauer wrote,

Far from the West having caused the poverty in the Third World, contact with the West has been the principal agent of material progress there. The materially more advanced societies and regions of the Third World are those with which the West established the most numerous, diversified and extensive contacts.... The level of material achievement usually diminishes as one moves away from the loci of Western impact. The poorest and most backward people have few or no external contacts; witness the aborigines, pygmies and desert peoples.

Not only is the guilt thesis incorrect, it is also harmful to Africans, for it encourages passivity, when dynamism is what is needed. If Africa’s progress is thought to depend on the West’s repenting sufficiently, too many people will simply wait — and die. The fate of Africans lies in their own hands. They do not need to wait for anything or anyone. It’s all up to them.

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