

# The moral politics of foreign aid

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**Abstract.** In what sense can foreign aid be understood as a moral practice? Is there any empirical substance to this claim? This article reconceptualises a type of foreign aid in which this claim is most plausible – grants by multilateral aid agencies – as a contemporary form of *beneficence*, a trans-historical phenomenon. Drawing on Aristotelian virtue ethics, it identifies such donations as a moral practice with deep roots in Western history. This analysis substantiates a view of the relations between states that goes beyond the simple notion of reciprocity emphasised by neoliberals. It concludes with the political implications of identifying donor states with moral distinction.

## Introduction

It has been a half-century since President Truman's 'Point Four' speech, which launched the worldwide phenomenon known as foreign aid.<sup>1</sup> The intention of that speech was to reach beyond the reconstruction of war-torn Europe – the focus of the Marshall Plan – to assist in the transition of scores of new states in the former colonies to full membership in the international community. The implicit claim was that such assistance was a *moral* action that embodied a vision of international peace and prosperity. This ethical justification for foreign aid has been largely dismissed by scholars of international relations. For political realists, foreign aid euphemised a strategic interest in these new states during the Cold War, when the

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<sup>1</sup> For a transcript of Truman's speech, see United States Department of State, *Point Four: Cooperative Program for Aid in the Development of Economically Underdeveloped Areas* (Washington, DC: US Department of State, December 1949), pp. 78–85. There is a very large literature on the phenomenon of foreign aid. For its antecedents in the US, see Murlle Curti and Kendall Birr, *Prelude to Point Four: American Technical Missions Overseas, 1838–1938* (Madison, WI: University of Wisconsin Press, 1954). For the Marshall Plan, see Michael J. Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947–1952* (New York: Cambridge University Press, 1987); and Charles P. Kindleberger, *Marshall Plan Days* (Winchester, MA: Allen & Unwin, 1987). On the first bilateral security-related aid of the United States, see William H. McNeill, *Greece: American Aid in Action, 1947–1956* (New York: Twentieth Century Fund, 1957). For a postwar history of US development assistance, see Vernon W. Ruttan, *United States Development Assistance Policy: The Domestic Politics of Foreign Economic Aid* (Baltimore, MD: Johns Hopkins University Press, 1996). On the continuity of US military and economic assistance in the immediate postwar period before decolonisation, see William A. Brown and Redvers Opie, *American Foreign Assistance* (Washington, DC: Brookings Institution, 1953).

threat of nuclear war shifted the competition between the superpowers to the Third World.<sup>2</sup> For world system theorists, foreign aid misrecognised an equally harsh reality of economic domination and exploitation of the core industrial over the peripheral states.<sup>3</sup> Even liberals, who have generally embraced foreign aid, shied away from moral claims, preferring to view it as a technical expedient, facilitating what they regard as the real means of world peace and prosperity: commerce and trade.<sup>4</sup>

The ethical claims for foreign aid persist nonetheless. Reviewing the literature, one can recognise three distinct ethical justifications for foreign aid within the liberal tradition. The first identifies foreign aid as an ‘imperfect obligation’ of the industrialised to the ‘less developed’ states to provide ‘basic needs’, which are identified as a fundamental human right. This, essentially deontological, argument anticipates the increasing ‘perfection’ of this obligation as the practice of foreign aid becomes more institutionalised over time.<sup>5</sup> The second ethical justification identifies foreign aid as a moral response to problems that can be remedied with technical expertise. This, essentially utilitarian, argument identifies the moral good with an imperative for ‘improvement’ and is made in terms of a doctor-patient relationship, in which moral agency is attributed to (donor) doctors by virtue of their technical capabilities and moral regard to (recipient) patients because of the larger social benefit that can accrue from their cure.<sup>6</sup> Finally, foreign aid is identified as embodying the ideal of

<sup>2</sup> From a large literature, see, for example, George Liska, *The New Statecraft: Foreign Aid in American Foreign Policy* (Chicago, IL: University of Chicago Press, 1960); Hans Morgenthau, ‘A Political Theory of Foreign Aid’, *American Political Science Review*, 56 (1962), pp. 301–9; R. D. McKinlay and R. Little, ‘A Foreign Policy Model of US Bilateral Aid Allocation’, *World Politics*, 30 (1977), pp. 58–86; R. D. McKinlay and A. Mughan, *Aid and Arms to the Third World: An Analysis of the Distribution and Impact of US Official Transfers* (London: Francis Pinter, 1984); and Steven W. Hook, *National Interest and Foreign Aid* (Boulder, CO: Lynne Rienner, 1995).

<sup>3</sup> See, for example, Robert E. Wood, *From Marshall Plan to Debt Crisis: Foreign Aid and Development Choices in the World Economy* (Berkeley, CA: University of California Press, 1986).

<sup>4</sup> See, for example, Hollis B. Chenery and Alan M. Strout, ‘Foreign Assistance and Economic Development’, *American Economic Review*, 56 (1966), pp. 679–733; and for its updated version, see Howard B. White (ed.), *Aid and Macroeconomic Performance: Theory, Empirical Evidence and Four Country Cases* (London: Macmillan; New York: St. Martin’s, 1998).

<sup>5</sup> For the problem associated with rights-based arguments as well as the distinction between ‘perfect obligation’ with rights and ‘imperfect obligation’ without rights, see Onora O’Neill, ‘The Great Maxims of Justice and Charity’, in Neil MacCormick and Zenon Bankowski (eds.), *Enlightenment, Rights and Revolution: Essays in Legal and Social Philosophy* (Aberdeen, UK: Aberdeen University Press, 1989), pp. 297–312; *Towards Justice and Virtue: A Constructive Account of Practical Reasoning* (New York: Cambridge University Press, 1996), pp. 122–5. For a recent review of international distributive justice, see Charles R. Beitz, ‘International Liberalism and Distributive Justice: A Survey of Recent Thought’, *World Politics*, 51 (1999), pp. 269–96. For an argument based on human rights (anticipating ‘perfect obligation’), see Henry Shue, *Basic Rights: Subsistence, Affluence and US Foreign Policy*, 2nd edn. (Princeton, NJ: Princeton University Press, 1996). Although the human capabilities approach in Martha C. Nussbaum and Amartya Sen (eds.), *The Quality of Life* (New York: Oxford University Press, 1993) does not employ the human rights argument, it ultimately requires the same thing: redistribution from the wealthier states.

<sup>6</sup> Improvement refers more to ‘the best consequences for all those concerned’ than ‘the greatest happiness for the greatest number’. See Peter Singer, *Practical Ethics* (New York: Cambridge University Press, 1979), pp. 12–3, 158–81. This ethical argument is characteristic of the modernisation theories of development, now largely defunct. See especially, Walt W. Rostow, *The Stages of Economic Growth: Non-Communist Manifesto* (New York: Cambridge University Press, 1960); Chenery and Strout, ‘Foreign Assistance and Economic Development’. This application of the ‘moral patient’ notion to foreign aid was inspired by Cornelia Navari: ‘When Agents Cannot Act: International Institutions as Moral Patients’, in Toni Erskine (ed.), *Can Institutions Have Duties? Collective Moral Agency and International Relations* (New York: Palgrave, forthcoming).

humanitarianism.<sup>7</sup> Proponents of this view offer compelling evidence of public support for humanitarian rationales for foreign aid.<sup>8</sup>

The fundamental problem with all these ethical justifications in the liberal tradition is their implicit *idealism*, or the assumption that ideas can have causal force in and of themselves. David Lumsdaine makes this assumption explicit, arguing that ‘foreign aid cannot be explained on the basis of the economic and political interests of the donor countries alone, and any satisfactory explanation must give a central place to the influence of humanitarian and egalitarian convictions upon aid donors’.<sup>9</sup> The key analytical problem with idealist reasoning is that it takes ideas out of their social context and embeds them in specific individuals, like policymakers, priests, or consultants, who become the causal agents. This makes it difficult to reconstruct the causal process whereby such ideas emerge in actual social practice.<sup>10</sup> These ethical justifications are, nonetheless, sufficiently persistent and pervasive, I believe, to revisit the question with other analytical tools – especially now that it is abundantly clear that foreign aid is not going to fade with the end of the Cold War or be replaced by other institutions and practices of international economic exchange.

My approach to the question of a moral dimension of foreign aid in this article identifies ethical justifications as the *discursive* side of a social practice, or, more simply, an aspect of what people say about what they do. This allows me to reframe the inquiry as a search for a specific type of a practice, taking discursive claims as an important clue. I ask, in short: in what sense, if any, can foreign aid be understood as a moral practice? Is there any empirical substance to this claim?<sup>11</sup> Because foreign aid is, first and foremost, a practice of *states*, I must also assume that the agency of states can be approached in a similar manner as the agency of individuals, that is, as *socially* constituted. For this, I draw on the metatheoretical insight of Alexander Wendt, who argues that the state is an ontologically *real* agent, whose identities, interests, and power capabilities are constituted in relation to other states.<sup>12</sup> Finally, and following from this insight, I assume that foreign aid can be reconceptualised as

<sup>7</sup> J. Philippe Rushton, *Altruism, Socialization and Society* (Englewood Cliffs, NJ: Prentice-Hall, 1980), pp. 2–4; David Lumsdaine, *Moral Vision in International Politics: The Foreign Aid Regime, 1949–1989* (Princeton, NJ: Princeton University Press, 1993), pp. 9–11. On the modalities of unselfishness, see Nicholas Rescher, *Unselfishness: The Role of Vicarious Affects in Moral Philosophy and Social Theory* (Pittsburgh, PA: University of Pittsburgh Press, 1975), p. 11.

<sup>8</sup> Lumsdaine, *Moral Vision*, pp. 43–5, 116–27, 151–79, 183–90.

<sup>9</sup> *Ibid.*, pp. 29.

<sup>10</sup> Derek Sayer, *Marx’s Method: Ideology, Science and Critique in Capital* (Hassocks, Sussex, UK: Harvester, 1979), pp. 4–8; *The Violence of Abstraction: The Analytic Foundations of Historical Materialism* (Cambridge, MA: Basil Blackwell, 1987), pp. 85–96.

<sup>11</sup> *Ibid.* To elaborate, the analytical tool is a dialectical method of conceptual inquiry that unfolds in three distinct steps: (1) abstraction of the material and relational conditions of a social practice (that is, redrawing the boundaries and units of an empirically-observed world; identifying key social relations; and explicating the process by which such social relations are reproduced); (2) identification of a related discourse; and (3) geo-historical specification that applies the concept in a specific time and place. All three steps are repeated for any observation that cannot be explained. See Bertell Ollman, *Dialectical Investigations* (New York: Routledge, 1993).

<sup>12</sup> See Alexander Wendt, *Social Theory of International Politics* (New York: Cambridge University Press, 1999), pp. 193–218, 224–45; Alexander Wendt, ‘The Agent-Structure Problem in International Relations Theory’, *International Organization*, 41 (1987), pp. 365–9. Another way of putting this is that the agency of states is neither the sum total of individual actions nor the inexorable outcome of

a specific type of practice that is categorically distinct from the type of practices normally analysed in international relations (IR) theory:<sup>13</sup> it is a *gift* extended from one country to the next.

My argument unfolds in three parts. The first part briefly elaborates how foreign aid can be reconceptualised as a specific type of social relation within the anthropological literature of gift exchange. This conception encompasses bilateral aid and is broadly consistent with the ‘materialist’ theories in IR, which view foreign aid as emerging more or less directly from the hierarchies of the postwar world. The second part considers the small portion of foreign aid that falls outside this conception: the multilateral grants of states. This portion of foreign aid is categorically similar to a practice of *individuals*: donations to aid-giving non-governmental organisations (NGOs). This categorical similarity opens the inquiry to another scholarly literature not intuitively applicable to interstate relations: the broad history of giving traditions in the West. It also suggests another social dynamic specific to the *discursive* side of the practice: the public scrutiny and praise of donors. The third part of this article applies this further specification of aid practice back to the phenomenon as a whole, focusing on the institutionalisation of foreign aid in the postwar era as a collective endeavour of the former colonising states. It concludes that there is indeed some empirical substance behind these ethical claims – and, therefore, an empirically significant *moral* dimension of interstate relations – however, one that is more consistent with *Aristotelian*, than liberal, ethics. I close with a brief summary of the political implications of this argument for IR theory.

### Foreign aid as a social relation of giving<sup>14</sup>

The key to understanding the complex phenomenon of foreign aid is that it is a very specific type of practice, with certain universal features etched across human history. It is a *gift*, or a voluntary extension of resources from one individual or society to another. According to Marcel Mauss, giving differs fundamentally from other forms of resource allocation in human society because its primary focus is *not* the material resource but the social relationship that is created or reinforced.<sup>15</sup> With economic exchange, for example, the social relation is narrowly defined by contractual agreements; with redistribution, it is defined by politically achieved rights.<sup>16</sup> A gift,

some deeper structural logic and, as such, cannot be reduced to the instrumental assumptions of security or profit maximisation. On the state as an autonomous subject, see Stephen Krasner, *Defending the National Interest* (Princeton, NJ: Princeton University Press, 1978). On the state as an object (as an instrument of the system), see Immanuel Wallerstein, *The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy* (New York: Academic Press, 1974).

<sup>13</sup> Please note that I use ‘IR’ to refer to the scholarly field of international relations and ‘interstate relations’ or ‘international relations’ to refer to relations between states.

<sup>14</sup> See my ‘Reconceptualizing Foreign Aid’, *Review of International Political Economy*, 8 (2001), pp. 633–60.

<sup>15</sup> Marcel Mauss, *The Gift: Forms and Functions of Exchange in Archaic Societies* (New York: Norton, 1967).

<sup>16</sup> Marshall Sahlins, *Stone Age Economics* (Chicago, IL: Aldine, 1972), pp. 185–230, following Karl Polanyi, *The Great Transformation* (New York: Farrar and Pinehart, 1944), pp. 43–55.

by contrast, creates only a *social* obligation to reciprocate. If it is returned, the relationship itself is rejected, along with any meanings it was intended to convey. If it is accepted, however, the obligation to reciprocate a gift becomes very powerful. Mauss went so far as to characterise the obligation to reciprocate as a universal norm in human society. He concluded that it would not only mitigate conflicts but also create a sense of 'common life' among otherwise antagonistic and competing societies.<sup>17</sup>

Pursuing Mauss's insight into the social power of giving, Marshall Sahlins argued that suspending the obligation to reciprocate a gift was a powerful signal of social hierarchy between donor and recipient. Because it did not involve the use of coercive force, such a giving practice, he argued, could work to naturalise a social hierarchy over time, contributing to social cohesion in an increasingly stratified and conflictual society.<sup>18</sup> Picking up on the receiving side of this hierarchical giving relation, Pierre Bourdieu identified the unreciprocated gift as a form of 'symbolic domination' that transformed the powerful into the generous, arguing that the obligation to reciprocate was filled, instead, by gestures of gratitude that signal the recipients' acquiescence in an otherwise burdensome order of things.<sup>19</sup>

The bulk of what can be called foreign aid falls into this sociological category of an unreciprocated gift: it is a direct extension of a gift from one country to the next that indefinitely suspends the obligation to reciprocate.<sup>20</sup> This specification of the material and relational conditions of aid practice is consistent with the basic insights of the political realist and world-system theories: that is, the phenomenon of foreign aid arises more or less directly from the material hierarchies between states in the postwar era (whether politico-military or socioeconomic). At the same time, however, it comes to a very different conclusion as to its larger meaning and effects. Whereas both of these theories regard foreign aid as an *active* influence, extending these hierarchical relations of the postwar world, reconceptualising foreign aid as an unreciprocated gift suggests that the substantive content and aim of aid projects and

<sup>17</sup> Mauss, *The Gift*, pp. 3–12. This insight has been widely accepted in sociological and anthropological theory. For methodological individualist applications, see Karen S. Cook (ed.), *Social Exchange Theory* (Newbury Park, CA: Sage, 1989). For applications in IR, see David A. Baldwin, *Paradoxes of Power* (Cambridge, MA: Blackwell, 1989); *Economic Statecraft* (Princeton, NJ: Princeton University Press, 1985), especially pp. 290–335 on foreign aid. For methodological collectivist applications, see Claude Lévi-Strauss, *The Elementary Structures of Kinship*, revised edn. (Boston, MA: Beacon, 1969).

<sup>18</sup> Sahlins, *Stone Age Economics*, pp. 193–6, 171–83, 204–15. Sahlins differentiated giving practices by the nature of reciprocity corresponding to the underlying power relation between donor and recipient. In the basic form, reciprocation signals a 'balanced' social relationship between equals. In 'generalised' reciprocity, reciprocity is temporarily suspended to acknowledge a temporary inequality, as between parents and children.

<sup>19</sup> Pierre Bourdieu, *The Logic of Practice* (Cambridge, UK: Polity, 1990), pp. 98–111.

<sup>20</sup> This specification of the practice by the type of social relation also suggests considerable confusion over what foreign aid is. Many mistake foreign aid as a form of redistribution, a type of international welfare. Much of what is called foreign aid is actually loans, a form of economic exchange redefined as a gift (obligation to repay is *not* voluntary but rather spelled out in a contractual arrangement). Some loans are technically redefined as having 'grant element' as in 'concessional' loans (see DAC, *Development Cooperation*, 1994, p. 114). The presumption of equality in a loan contract contrasts sharply with the coercive and unequal relation that defines debt rescheduling between the First and the Third Worlds (in many cases 'debt bondage' is a better term). When loans are not repaid, they become a source of creditor influence. Therefore, unlike grants, what loans do is primary and possibly significant. David Williams, 'Aid and Sovereignty: Quasi-States and the International Financial Institutions', *Review of International Studies*, 26 (2000), pp. 557–73.

programmes is secondary to the larger effect of signalling and affirming the *status quo*.<sup>21</sup> What foreign aid *is*, in short, is more important than what it *does*.

Though counterintuitive, this understanding of foreign aid as an unreciprocated gift is also more consistent with the broad history of aid practice in the postwar era. In contrast to political realists, who predicted a sharp fall-off in foreign aid with the end of the Cold War, or world-system theorists, who predicted its inexorable increase with the expansion of global capitalism, the data indicate a remarkable *stability* of foreign aid as a percentage of donor gross national product (GNP) over the past 35 years. This is especially apparent in the portion extended as grants, which has fluctuated only between 0.20 and 0.25 per cent of donor GNP throughout the entire period.<sup>22</sup> This stability corresponds to the stability of the North-South divide across which these gifts have been extended: with few exceptions, donors have remained donors, while recipients have remained recipients.<sup>23</sup>

The one type of foreign aid that falls outside this reconceptualisation is multilateral grant aid, or the donations of states to multilateral aid organisations, such as the United Nations Development Programme (UNDP) or the United Nations Children's Fund (UNICEF). This type of foreign aid is currently just under 10 per cent of all official development assistance (ODA).<sup>24</sup> Although these multilateral grants are also unreciprocated gifts extended across the stable material divide of the postwar era, the social relation between donor and recipient is no longer direct but *mediated* by the multilateral agency. From the arguments above, it would appear that the symbolic power of the gift no longer holds: donors in this case do *not* control where their gifts are going, nor do recipients know who the original donors are. In this respect, the multilateral grants of states have more in common with the donations of individuals to non-governmental aid organisations (NGOs), such as CARE or Church World Service, than any other practice of states (including domestic welfare programmes, which are distinguished as a form of *redistribution* or the allocation of resources as a *right*, not a *gift*). They can be understood, in short, as a form of *philanthropy*.

<sup>21</sup> There is a vast literature on the policy aims and effectiveness of foreign aid. For a good example, see Robert Cassen and Associates, *Does Aid Work? Report on an Intergovernmental Task Force*, 2nd edn. (New York: Oxford University Press, 1994).

<sup>22</sup> Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), *Development Assistance* (Paris: OECD), 1969, pp. 304–5. DAC, *Development Cooperation*, 1974, p. 233; 1975, p. 230; 1978, p. 216; 1981, p. 196; 1982, p. 179; 1985, p. 335; 1987, p. 198; 1988, p. 187; 1990, p. 188; 1991, pp. 230–1; 1992, p. A8; 1994, pp. A3–A4, A9–A10; 1999, pp. 164–5. The drop to 0.18 per cent in the late 1990s does not include the substantial increase in aid to the former Soviet bloc countries (about 0.02 per cent of donor GNP). *Ibid.*, 1999, p. 257; 2000 [also known as *DAC Journal*, 2 (2001), p. 263].

<sup>23</sup> Recipients of foreign aid that became donors during this period included the oil-exporting Arab countries in the 1970s and South Korea and Taiwan in the 1990s. China and India, two major aid recipients, have also been donors. See DAC, *Development Cooperation*, 2000, p. 263.

<sup>24</sup> *Ibid.*, 1994, pp. A3–A4, A9–A10, D4, K4, L1; 1998, pp. A3–A4, A37, A42, A91–A92, A96; 1999, pp. 164–5, 168–9, 203; 2000, pp. 180–1, 219. Between 1975 and 1998, the share of multilateral grants in ODA fluctuated between 10 and 15 per-cent. If European organisations, such as the European Development Fund, are considered bilateral after the Maastricht Treaty, the share of multilateral grants in ODA declines to about 8 per cent in the late 1990s (that is, mostly United Nations agencies).

## The institutionalisation of giving

The advantage of identifying multilateral grants with the institutionalised gifts of individuals, as opposed to, say, an international regime providing international public goods, is that it opens this inquiry to the broad history of Western and non-Western giving traditions and, by extension, the highly developed ethical discourses associated with them. It allows me, in short, to move the inquiry from material and relational conditions to the discursive side of aid practice. This is a more complex analytical step. The literature on giving traditions is vast, and there has been little trans-historical comparison or sorting of the differing material and relational conditions and ethical discourses comparable to the work that anthropologists have done for giving practices that are face-to-face.<sup>25</sup> Nonetheless, two fairly simple observations emerge.

First of all, the discursive justification for giving as an institutionalised practice is rooted in a specific type of ethical tradition that emphasises the qualities of excellence or *virtue* in an individual's character.<sup>26</sup> To elaborate briefly, the concept of *virtue* conveys a particular set of ethical concerns that is characteristic of Confucian, Aristotelian, and Judeo-Christian-Islamic (or Semitic) ethics, including: a belief in an autonomous will, or the notion that individuals are able to distinguish right from wrong and good from bad; and 'justice as desert', or the notion that society must treat people as responsible for their actions and punish or reward them accordingly. 'Justice as desert' can be traced to Mesopotamia (Hammurabi's Law, 'eye for an eye') and emerged in Semitic thought as a belief in a larger divine reckoning or 'day of judgement'.<sup>27</sup> Aristotle clearly spelled out the principle, 'to each according to his deserts', while Confucius argued that because social responsibilities correspond to social status, successful performance by individuals of higher ranks should be accorded higher social recognition and reward.<sup>28</sup>

Second, although the focus of virtue ethicists is the character of the individual, their larger point of reference is the good society, as indicated by the task to which they have all set themselves: discovering the right set of normative prescriptions for

<sup>25</sup> For an attempt at comparing various traditions, see Warren F. Illichman, Stanley N. Katz, and Edward L. Queen (eds.), *Philanthropy in World Traditions* (Bloomington, IN: Indiana University Press, 1992).

<sup>26</sup> The literature on virtue ethics is huge. See, for example, Daniel Statman (ed.), *Virtue Ethics* (Washington, DC: Georgetown University Press, 1997); John W. Chapman and William A. Galston (eds.), *Virtue: Nomos, XXXIV* (New York: New York University Press, 1992). For this specific definition of virtue, see Aristotle, *Nicomachean Ethics*, trans. by Martin Ostwald (New York: Macmillan, 1962), 1103a10–1107a25; and pp. 303–4 in the glossary.

<sup>27</sup> On the autonomous will, see Alasdair MacIntyre, *After Virtue: A Study in Moral Theory*, 2nd edn. (Notre Dame, IN: University of Notre Dame Press, 1984), pp. 23–35. For a history of 'justice as desert', see Tom Campbell, *Justice* (London: Macmillan Education, 1988), pp. 152–68. For a modern elaboration of this theory of justice as desert, see Wojciech Sadurski, *Giving Desert Its Due: Social Justice and Legal Theory* (Dordrecht, Holland: D. Reidel, 1985). For a contemporary critique of the place of desert in virtue ethics, see Christine McKinnon, *Character, Virtue Theories, and the Vices* (Peterborough, Ontario: Broadview Press, 1999), p. 135.

<sup>28</sup> Aristotle, *Nicomachean Ethics*, 1131a20–30. The notion of 'justice as desert' logically extends to corrective justice or justice of rectification (Ibid., 1131b25–1132b20). For an ethical argument for foreign aid based on Aristotelian corrective justice, see Brian Opeskin, 'The Moral Foundations of Foreign Aid', *World Development*, 24 (1996), pp. 21–44. For Confucian arguments, see *The Analects*, trans. D. C. Lau (New York: Penguin, 1979), Book I.13; II.9; V.16; VI.11; VI.13; VI.21; VI.30; VIII.9; XII.7; XII.11; XII.22; XII.19; XIII.20; XIII.4; XIII.29; XIII.30; XIV.9; XIV.23; XIV.42; XV.32.

the flourishing of virtue in society.<sup>29</sup> Historical sociologists, such as Michel Mollat and Paul Veyne, who approach the issue with a broad social lens, observe that, although the aspiration behind the notion of virtue is universal, each society develops its own distinctive set specific to its historical and material context.<sup>30</sup> They also describe a process of institutionalisation that arises at the juncture between a virtuous disposition and its external effect, which includes the elaboration of standards for identifying and classifying a virtuous disposition and the emergence of intermediaries with the authority to authenticate and judge them as such. Jacques Le Goff has a particularly resonant term for such intermediaries: 'moral book-keepers'.<sup>31</sup> The primary example is religious authorities as in the practice of atonement through suffrages that arose in the medieval Catholic Church.<sup>32</sup> In the wake of the Protestant Reformation, however, it was just as likely to be the new private philanthropies run by the rising gentry and merchant classes.<sup>33</sup>

The significance of these observations for my argument is that they identify a social incentive that is distinct from the (assumed) internal virtuous disposition.<sup>34</sup> Although the discursive emphasis of all such public scrutiny and praise or sanction is the character of the individual, social recognition can be a motivation to act in itself. These observations allow me to connect an ethical discourse to a specific practice as opposed to a disembodied ideal. This process of externalising virtue into virtuous practice can also explain the wide incidence and great antiquity of giving traditions in societies that base their conception of social order on individual virtue.<sup>35</sup> As a

<sup>29</sup> There is endless debate over whether and to what extent the great systems of virtue ethics have identified true universal principles. For a pluralist/relativist take, see Bernard Williams, *Ethics and the Limits of Philosophy* (New York: Cambridge University Press, 1985); for a universalist interpretation, see Martha Nussbaum, 'Non-Relative Virtues: An Aristotelian Approach', in Peter A. French, Theodore E. Uehling, and Howard K. Wettstein (eds.), *Midwest Studies in Philosophy*, vol. 13, *Ethical Theory: Character and Virtue* (Notre Dame, IN: University of Notre Dame Press, 1988). For the Confucian version of this debate, see Masao Maruyama, *Studies in the Intellectual History of Tokugawa Japan* (Princeton, NJ: Princeton University Press, 1974). Like Aristotle, Confucius was ultimately concerned with good government through the flourishing of virtues, see *The Analects*, I.5; II.1; II.3; II.21; II.23; VI.24; XII.7; XII.9; XII.20; and on king's way, I.12, IV.8, XIX.22.

<sup>30</sup> Michel Mollat, *The Poor in the Middle Ages: An Essay in Social History* (New Haven, CT: Yale University Press, 1986); Paul Veyne, *Bread and Circuses: Historical Sociology and Political Pluralism* (New York: Penguin, 1990). Around the turn of the eighteenth century in Japan, Jinsai Itou took a historicist perspective against universalist neo-Confucianism, see Tetsuo Najita, *Visions of Virtue in Tokugawa Japan: The Kaitokudo Merchant Academy of Osaka* (Chicago, IL: University of Chicago Press, 1987), p. 29.

<sup>31</sup> Jacques Le Goff, *The Birth of Purgatory* (Chicago, IL: University of Chicago Press, 1984), pp. 173, 189–90, 228–9, 240, 292, 302–5, 322.

<sup>32</sup> *Ibid.*, 11–2, 169–72, 272–7

<sup>33</sup> W. K. Jordan, *Philanthropy in England, 1480–1660* (London: Allen and Unwyn, 1959); Paul Slack, *From Reformation to Improvement* (New York: Oxford University Press, 1999).

<sup>34</sup> A social construction of virtue could include Bourdieu's concept of habitus (or dispositions made of social necessity) and dispositions that combine individual will and willed practice towards technical/functional and ethical excellence. See Yves R. Simon, *The Definition of Moral Virtue* (New York: Fordham University Press, 1986), pp. 55–61; Richard Jenkins, *Bourdieu* (New York: Routledge, 1992), pp. 74–84, especially p. 75; Pierre Bourdieu, *In Other Words: Essays towards a Reflexive Sociology* (Stanford, CA: Stanford University Press, 1990), pp. 9–13.

<sup>35</sup> See, for example, Kyuuichi Yoshida, *Nihon Shakai Hukushi Shisoushi* [A History of Social Welfare Thought in Japan] (Tokyo: Kawashima Shoten, 1989); R. D. McChesney, *Waqf in Central Asia: Four Hundred Years in the History of a Muslim Shrine, 1480–1880* (Princeton, NJ: Princeton University Press, 1991); G. Kozlowski, *Muslim Endowments and Society in British India* (New York: Cambridge University Press, 1985); Yitzhak Reiter, *Islamic Endowments in Jerusalem under British Mandate* (London: Frank Cass, 1996).



material resource, gifts provide the most quantifiable measure of an individual's virtue as well as a material opportunity for the intermediaries that authenticate and judge them as such. In short, they can materialise both individual virtue and social ideals. Moreover, the institutionalisation of giving creates an opportunity for individuals to *buy* public recognition – a common ethical dilemma that Jean Bodin called 'the sweet bait of honor'.<sup>36</sup> Perhaps, the most egregious historical example of this was the 'purchase of paradise' that arose in the medieval Christian Church.<sup>37</sup> This heightened ethical concern is indicated by the careful terminology that has emerged to distinguish the inner disposition, *benevolence*, from its external practice, *beneficence*.<sup>38</sup>

Fitting these observations back into the material and relational conditions of unreciprocated giving described in the previous section, it is clear that the institutionalisation of giving expands the incentive for individuals to give beyond the simple gratitude of recipients in a direct face-to-face relation. Ethical discourses and forms of public scrutiny and praise effectively fill the normative gap that is created when a gift is not reciprocated by confirming the virtue of the giver in his own society. At the same time, however, this process of institutionalisation also weighs the act of *receiving* with moral significance: in accepting such a gift, the recipient is acknowledging – by this action – not just the material hierarchy but also the moral virtue of the donors. Given the universal norm of reciprocity in gift exchange, suspending the obligation to reciprocate here creates the same kind of symbolic domination found in a direct face-to-face relation of giving: it allows donors to treat recipients 'as if' they could, in fact, reciprocate.<sup>39</sup> Only in this case, it creates an added fiction of reciprocal *moral agency*. Finally, because the basic material conditions that foster unreciprocated giving also limit the practice to those with material means, the institutionalisation of giving can foster a more insidious effect over time: it can work to ethically legitimise a material order, recasting a material hierarchy between donor and recipient as a moral hierarchy. Paul Veyne captures this effect in his description of the 'bread and circuses' of ancient Republican Rome: '[s]ymbolic largesses conferred on the relations between oligarchy and plebs a style of amiable condescension'.<sup>40</sup>

### Foreign aid as beneficence

The donations of individuals to non-governmental organisations (NGOs) like CARE or Church World Service are clearly a form of *beneficence* in the above conception. They are unreciprocated gifts, which are actively encouraged and authenticated by intermediaries as a *virtuous* practice, and extended across a stable material divide, in this case, from citizens of the industrialised countries to the poor

<sup>36</sup> Quoted by Michael Walzer, *Spheres of Justice: A Defense of Pluralism and Equality* (New York: Basic Books, 1983), p. 267. Thus, giving clearly increases the potential for corruption. As Sebastian de Grazia put it, '[w]ithout the means to be corrupt, people cannot corrupt themselves'. *Machiavelli in Hell* (Princeton, NJ: Princeton University Press, 1990), p. 106.

<sup>37</sup> See, for example, Joel T. Rosenthal, *The Purchase of Paradise: Gift Giving and the Aristocracy, 1307–1485* (London: Routledge and Kegan Paul, 1972).

<sup>38</sup> William Frankena, 'Beneficence/Benevolence', *Social Philosophy and Policy*, 4 (1987), pp. 1–20.

<sup>39</sup> Bourdieu, *Outline of a Theory of Practice* (New York: Cambridge University Press, 1977), pp. 4–6.

<sup>40</sup> Veyne, *Bread and Circuses*, p. 215.

in the South. The annual reports of NGOs are full of testimonials to the beneficence of these gifts. Among them, one can distinguish two basic types: religious and secular. Donations to religious NGOs extend missionary traditions associated with the long history of European and American colonisation and are ethically justified as an expression of the donors' relation to God (the original meaning of 'charity' being the 'love of God') and their neighbours around the world (another meaning of 'charity').<sup>41</sup> Donations to secular NGOs also draw on a long tradition of giving, dating back to sixteenth-century England, and are ethically justified by the more modern virtues that arose at that time, including 'enlightened self-interest'.<sup>42</sup> This ethical justification – gifts as a means of helping the poor to help themselves – is reflected in the frequent reference to 'basic needs' and 'grassroots action' in the mission statements of NGOs.<sup>43</sup>

Like the donations of individuals to NGOs, the donations of states to multilateral aid organisations also take place in a *mediated* relation, which obscures the identity of the donor in relation to the recipient. Donor states forgo not only acknowledgement from the recipient state – thus the symbolic power that characterises bilateral aid – but also control over the projects that they fund. Within the UNDP, for example, donors have no direct say over project identification and approval or subsequent implementation, procurement, monitoring, and evaluation. These are handled, instead, by a tripartite forum that includes representatives from ministries of the recipient state, the UNDP resident representative, and the project implementing agency (a contractor, typically a UN Specialised Agency, such as the Food and Agriculture Organisation).<sup>44</sup> Like the NGOs, the projects and programmes funded by these agencies also focus overwhelmingly on the needs of the poorest people and states.<sup>45</sup>

<sup>41</sup> St. Thomas Aquinas, *On Charity* (Milwaukee, WI: Marquette University Press, 1960). Charity was not only a virtue in itself (pp. 17–25) but also served as a base for all virtues (pp. 33–9); and unlike other virtues that had 'good' as their object, charity had God as its formal object (pp. 46–50). This ethical justification, which originated with the medieval Catholic Church, is captured in the mission statement of Catholic Relief Services: 'The fundamental motivating force in all CRS activities is the Gospel of Jesus Christ as it pertains to the alleviation of human suffering, the development of people, and fostering of charity and justice in the world'. Catholic Relief Services, 'Catholic Call to Justice: Catholic Campaign for Human Development' (Washington, DC: United States Catholic Conference, November 1998), p. 12.

<sup>42</sup> For a good history of philanthropy in England, see Jordan, *Philanthropy in England, 1480–1660*; David Owen, *English Philanthropy, 1660–1960* (Cambridge, MA: Harvard University Press, 1964); Slack, *From Reformation to Improvement*; and Paul Slack, *Poverty and Policy in Tudor and Stuart England* (London: Longman, 1988). For a discussion of current private foreign aid by NGOs, see, for example, Peter J. Burnell, *Charity, Politics, and the Third World* (New York: St. Martin's Press, 1991); Brian Smith, *More Than Altruism: The Politics of Private Foreign Aid* (Princeton, NJ: Princeton University Press, 1990).

<sup>43</sup> The Overseas Development Network asserts, for example: 'people can meet their basic needs, strengthen communities, and contribute to global welfare through grassroots action'. Overseas Development Network (ODN), 'Who We Are . . . What We've Done' (San Francisco, CA: ODN, not dated).

<sup>44</sup> UN General Assembly Resolution 2688 (XXV), 'The Consensus: The Capacity of the United Nations Development System' (New York: United Nations, 11 December 1971).

<sup>45</sup> For multilateral grants, see DAC, *Development Cooperation*, 1993, p. 88; 1994, p. 76; 1997, pp. 60–71; 1998, pp. 77–87. For NGO grants, no worldwide statistics of their geographical distribution are available. See, for example, Smith, *More Than Altruism*; Burnell, *Charity, Politics, and the Third World*; John Farrington and David J. Lewis (eds.), *Non-Governmental Organizations and the State in Asia* (New York: Routledge, 1993); Anthony Bebbington and Graham Thiele (eds.), *Non-Governmental Organizations and the State in Latin America* (New York: Routledge, 1993); Kate Wellard and James G. Copestake (eds.), *Non-Governmental Organizations and the State in Africa* (New York: Routledge, 1993); United States General Accounting Office (GAO), 'Foreign Assistance: Private Voluntary Organizations' Contributions and Limitations, Report to the Ranking Minority Member, Committee on International Relations, House of Representatives' (Washington, DC: U.S. GAO, GAO/NSIAD-96-34, November 1995).

Although this basic anonymity and humanitarian focus make states similarly *beneficent* in the sense described above, multilateral grant aid differs from NGO giving in two key respects. First, the intermediaries are inclusive organisations, which extend membership to all states and include both donors and recipients on policy-making boards.<sup>46</sup> The Executive Board of the UNDP and the UN Fund for Population (UNFP), for example, consists of 12 donor and 24 recipient states, and the amount of funding allocated to recipients is determined by formula.<sup>47</sup> Second, the ethical justification for this type of foreign aid is just as likely to emphasise international peace as prosperity, advancing the larger aims of the United Nations, with which most multilateral aid organisations are affiliated.<sup>48</sup> In both respects, this practice can be distinguished from individual donations to NGOs as realising a *civic*, as opposed to religious or philanthropic, virtue, contributing, in this case, to the well-being and well-ordering of the community of states. The conception of giving as a civic virtue is most associated with Aristotle, who identified it as the outward sign of ‘liberality’ (that is, the character of a free citizen). Giving in his view was an expression of loyalty to the community that secured and defended a citizen’s freedom (the community for Aristotle, of course, being the city-state of Athens).<sup>49</sup>

Multilateral grant aid is also historically new. Whereas NGOs extend traditions of giving that date back hundreds of years, multilateral aid organisations, such as the UN Children’s Fund (UNICEF, 1946) and the forerunner of the UNDP, the Expanded Programme of Technical Assistance (EPTA, 1949), emerged only in the 1940s, within a few years of the great flowering of international organisations under the auspices of the United States.<sup>50</sup> Following the establishment of the grant-funding European Development Fund (1964) and the merger of the EPTA and UN

<sup>46</sup> Though some NGOs are membership organisations, the majority of them are non-membership organisations. John Farrington and Anthony Bebbington, *Reluctant Partners? Non-Governmental Organizations, The State and Sustainable Agricultural Development* (New York: Routledge, 1993), pp. 3–5.

<sup>47</sup> UNDP, ‘Membership of the Executive Board’ <<http://www.undp.org.execbrd/memberseng.htm>> (27 April 2002); Executive Board of the UNDP, ‘Additional Information Relating to the Review of the Successor Programming Arrangements’ (New York: UNDP, DP/1999/CRP.3, 14 December 1998); Executive Board of the UNDP, ‘The Successor Programming Arrangements: Preliminary Earmarkings for the Target for Resource Assignment from the Core for the Period 2001–2003’ (New York: UNDP, DP/1999/27, 16 March 1999). Members consist of eight African states, seven Asian and Pacific states, five Latin American and Caribbean states, four Eastern European states (including one OECD member), and 12 OECD member states. Note that a few of the 24 recipient states among the Executive Board members also give foreign aid. DAC, *Development Cooperation*, 2000, p. 263.

<sup>48</sup> The Charter of the United Nations (New York: UN Department of Public Information, DPI/511, reprinted in September 1993) focuses on peace and security as much as social and economic progress, emphasising decolonisation, international law and order, and human rights. The UNDP’s current focus on global governance can also be understood from this perspective as enhancing the well-being and well-ordering of ‘poor countries and poor people’ within the world community. UNDP, *Human Development Report* (New York: Oxford University Press, 1999), pp. 11–3, 97–114; UNDP, *Governance for Sustainable Growth and Equity: Report of International Conference at the United Nations, 28–30 July 1997* (New York: UNDP 1998).

<sup>49</sup> Aristotle, *Politics*, trans. Ernest Barker, revised R. F. Stanley (New York: Oxford University Press, 1995), 1263a30–b14. See also T. H. Irwin, ‘Generosity and Property in Aristotle’s *Politics*’, *Social Philosophy and Policy*, 4 (1987), pp. 37–54.

<sup>50</sup> The Marshall Plan was organised on a quasi-multilateral basis. Aid from the United States was distributed to a multilateral recipient organisation, the Organisation for European Economic Cooperation (OEEC), which was the direct precursor to the Organisation for Economic Cooperation and Development (OECD). Hogan, *The Marshall Plan*, pp. 127–88. DAC, *Development Cooperation*, 1985, pp. 65–6.

Special Fund into the UNDP (1965), they also grew strongly between the mid-1960s and the mid-1970s, roughly doubling from 0.02 to 0.04 per cent of donor GNP.<sup>51</sup> Donations to NGOs, by contrast, have remained fairly constant at about 0.03 per cent of donor GNP since the early 1970s (see Table 1).

Table 1. *The percentage share of NGO and multilateral grants in economic aid.*

	1960–4	1965–9	1970–4	1975–9	1980–4	1985–9	1990–4	1995–9
Multi	4.6*	5.9*	10	12	13	12	14*	13*
NGO	na	na	11	8	9	9	9	10

*Notes:* \* Key multilateral grant aid agencies, such as the UNDP and the second European Development Fund (EDF), were reorganised in the middle of the 1960s. If grants from European organisations, such as the EDF, are classified as bilateral aid after the Maastricht Treaty, the share of multilateral grants becomes 11 per cent in the early 1990s and 5.3 per cent in the late 1990s.

All figures are based on net disbursements. ‘Economic aid’ refers to the sum of total official development assistance (ODA) by the Development Assistance Committee (DAC) member states and private foreign aid by NGOs. Thus, economic aid in the 1960s equals ODA. ‘Multi’ refers to grant aid provided by multilateral grant aid organisation (thus excluding grants by multilateral development banks or the International Monetary Fund). ‘NGO’ refers to private international grants by NGOs.

*Source:* DAC, *Development Assistance*, 1960, p. 18; 1963, p. 80; 1965, pp. 128–9; 1967, pp. 77, 81, 91, 185; 1968, pp. 75, 260–1; 1969, pp. 304–5; 1971, pp. 165, 172. DAC, *Development Cooperation*, 1972, pp. 215, 222; 1974, pp. 233, 261, 317, 320; 1975, pp. 195, 202–3, 217, 230, 256; 1976, pp. 214–5; 1977, pp. 172–3, 188, 197, 235; 1978, pp. 191, 201–2, 216, 228–30, 238–9, 273; 1979, pp. 210–1, 226, 238–9; 1980, pp. 184–5, 200, 209, 237; 1981, pp. 180–1, 196, 205; 1982, pp. 178–9, 204–5, 233, 251; 1983, pp. 226–7; 1984, pp. 201, 214, 244–5, 262, 318–9; 1985, pp. 331, 335; 1986, pp. 238, 268–9, 284, 289; 1987, pp. 198, 204, 240–1, 256; 1988, pp. 184, 187, 190, 230–1, 249; 1989, pp. 230, 264–7; 1990, pp. 188, 208, 248–51, 264, 269; 1991, pp. 230–1, 246; 1992, pp. A8, A32, A38, A70–A73, A87; 1993, p. 239; 1994, pp. A3, A4, A9, A10, D4, K4, L1; 1995, pp. A42, A95; 1998, pp. A3, A4, A37, A42, A91, A92, A96; 1999, pp. 164–5, 168–9, 203; 2001, pp. 231, 237, 242, 284.

In combination, these observations identify multilateral aid as the ethical core of a larger institutionalisation of foreign aid in the postwar era. What originated and still predominates as a bilateral face-to-face practice has been progressively redefined and legitimised as a collective endeavour of the former colonising states, expressing a civic virtue specific to the community of states. Following this argument, the most

<sup>51</sup> In the course of the 1960s, the Trust Fund for Population Activities was also established in 1967 (currently known as the UN Fund for Population). DAC, *Development Cooperation*, 1985, pp. 68–74. On the effort to increase donations to these international aid organisations, see Lester B. Pearson (with Sir Edward Boyle, Roberto de Oliveira Campos, C. Douglas Dillon, Wilfred Guth, W. Arthur Lewis, Robert E. Marjolin, and Saburo Okita), *Partners in Development: Report of the Commission on International Development* (New York: Praeger, 1969); and the Governing Council of the UNDP, ‘A Study of the Capacity of the United Nations Development System’ [presented on 30 June 1969] (New York: United Nations, DP/5, 30 June 1969), written by Robert G. A. Jackson. The ‘Pearson Report’ argued that multilateral aid was the most effective means of assisting developing countries, while the ‘Jackson Report’ recommended that the UNDP become the core agency for all UN development activities.

significant agency is not an aid-giving organisation like the UNDP but the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). Established in January 1960, just as the decolonisation of Africa was reaching its peak, the sole purpose of the DAC has been to monitor and evaluate the foreign aid programmes of donor states and multilateral aid organisations.<sup>52</sup> This makes it the new ‘moral bookkeeper’ as Jacques Le Goff put it, or the authenticator of foreign aid as a virtuous practice.

To elaborate briefly, each year the DAC produces an annual report that statistically ranks donors according to various measures of ‘effort’. It includes the percentage of foreign aid in a donor’s GNP, the relative share of grants as opposed to loans, bilateral as opposed to multilateral aid, aid to the least developed countries as opposed to former colonies, and other components of the overall mix, such as technical aid, food aid, and long-term development-oriented aid.<sup>53</sup> Every two years or so, each donor is subject to extensive ‘peer review’ by two or three other donor states, using data provided by the DAC secretariat (the OECD Development Centre), the findings of which become the basis for a general review and evaluation by the entire membership.<sup>54</sup> The annual reports, which summarise these rankings and peer review processes, also abound in ethical judgements. For example, they routinely admonish the United States and Japan for their low *per capita* contribution: ‘[t]he world’s largest economies have accounted for practically all of the real fall in ODA in recent years’.<sup>55</sup> They also routinely praise the programmes of the Scandinavian states as the standard of excellence. In the 1999 report, for example, the Netherlands, Norway, Sweden, and Denmark were described as the DAC’s four ‘front-runners’, which ‘promised to sustain their excellent performance’.<sup>56</sup> The annual reports also contain perhaps the strongest ethical justifications of foreign aid as a civic virtue. As the first DAC report asserted in 1962: ‘[t]here are few issues of such fundamental importance for world peace and prosperity as that of aid to the less developed countries’.<sup>57</sup>

<sup>52</sup> Originally called the ‘Development Assistance Group’, it was formally incorporated into the OECD in September 1961. See Ryouhei Murata, *OECD [The Organisation for Economic Cooperation and Development: The Largest Think-Tank in the World]* (Tokyo: Chuukou Shinsho, 2000), pp. 7–12, 80–102.

<sup>53</sup> *Development Assistance, 1961–1972; Development Cooperation, 1973–present.*

<sup>54</sup> The DAC is one of five committees of the OECD that undertakes such peer reviews. The other committees are: the Environmental Policy Committee, the Economic and Development Review Committee, the Committee on Capital Movements and Invisible Transactions, and the Committee on International Investment and Multinational Enterprise). See Murata, *OECD*, pp. 63–5, 82–3. DAC, *Development Cooperation*, 1996, pp. 63–5, 123–7. The full ‘peer review’ evaluations have been published since 1994.

<sup>55</sup> DAC, *Development Cooperation*, 1998, pp. 93 (also, pp. 93–127 for more details of the evaluation of member countries).

<sup>56</sup> *Ibid.*, 1999, pp. 52–4. The Netherlands, Norway, Sweden, and Denmark are routinely distinguished as the DAC’s four ‘front-runners’. See also *ibid.*, 1972, p. 11; 1980, p. 16; 1990, pp. 132–3; DAC, *Development Cooperation Review 1999*, no. 33: *Denmark* (Paris: OECD, 1999), p. 73.

<sup>57</sup> *Development Assistance*, 1962, p. 7. The 1968 report elaborated: ‘[c]reating modern societies which will become more like-minded as development proceeds should facilitate the building of a world community, with institutions which can reduce the dangers of global war’. (1968, p. 17). This ethical justification is periodically re-emphasised. The 1996 report, for example, asserted ‘an enlightened self-interest in a stable world community is regarded as a key motivation for donors as aid is deemed to reduce migration pressures, environmental degradation, and war risks and enhance the solidarity for all people with one another’. *Development Cooperation*, 1996, pp. 15–6.

A good indication that such public scrutiny and praise has worked to shape the foreign aid programmes and policies of donor states to a more beneficent standard is the steady decline of ‘tied aid’, or the practice of conditioning aid on procurement from suppliers in the donor country, a practice that turns foreign aid into an extension of domestic pork-barrel politics (see Table 2).<sup>58</sup> Expressly targeted by the DAC in the 1960s, ‘tied aid’ declined from two thirds of official development assistance in the early 1960s to less than one third by the early 1980s, with sharp decreases even among the worst offenders, such as Japan.<sup>59</sup> Another indication is the gradual ‘softening’ of aid, or the steady increase in the proportion of grants to loans in the programmes of donor states (see Table 3). Also targeted by DAC in the 1960s,

Table 2. *The percentage share of partially and wholly tied aid in total ODA and bilateral aid.*

	Early 1960s	1972	1982/3 average	1992	2000
Tied/ODA	67 (estimate)	44	38	32	na
Tied/Bi-aid	na	na	54	42	19

*Notes:* All figures are based on net commitment figures. ‘Tied’ refers to the partially and wholly tied portion of aid. ‘ODA’ refers to the total multilateral and bilateral official development aid given by the DAC members. ‘Bi-aid’ refers to the total bilateral official development aid. The data from the early 1960s are estimated by the DAC.

*Sources:* DAC, *Development Assistance*, 1962, p. 35; 1964, p. 51, 1965, p. 120–1; DAC, *Development Cooperation*, 1974, p. 248; 1985, p. 299; 1994, p. F4; 1999, p. 21; 2001, p. 245.

Table 3. *The percentage share of bilateral grant aid in bilateral aid from the DAC member states.*

	1965	1975	1985	1995	2000
Bi-grant/Bi-aid	49	66	81	88	92

*Notes:* All figures are based on net disbursement figures. ‘Bi-grant’ refers to bilateral grant aid. ‘Bi-aid’ refers to the total bilateral official development aid (ODA). The calculation is based on the disbursement figures that do not include the debt forgiveness of past loans in the total of either bilateral grant aid or bilateral ODA.

*Sources:* DAC, *Development Assistance*, 1967, pp. 77, 81, 185; 1968, pp. 260–3; DAC, *Development Cooperation* 1979, p. 226; 1987, pp. 240–1, 256; 1988, pp. 230–1, 246; 1998, pp. A37, A43; 2000, pp. 180–1; 2001, p. 231.

<sup>58</sup> On the effort to increase multilateral aid in the 1960s and 1970s, see *Development Cooperation*, 1985, pp. 71–4.

<sup>59</sup> For a discussion of ‘tied aid’, see DAC, *Development Assistance*, 1963, p. 35; 1964, p. 51; 1965, pp. 120–1; *Development Cooperation*, 1976, p. 75; 1980, p. 158; 1994, p. 29. On the policy decisions, see *Development Cooperation*, 1974, pp. 191–3; 1984, pp. 169–70; 1986, pp. 195–209; 1987, pp. 177–80; 1994, pp. 27–32. On this view of foreign aid, using the worst offender of the tied aid practice, Japan, see Margee Ensign, *Doing Good or Doing Well? Japan's Foreign Aid Program* (New York: Columbia University Press, 1992); Mainichi Shinbun (ed.), *Kokusai Enjo Bijinesu: ODA wa Dou Tsukawareteiruka [International Aid Business: How ODA Is Spent]* (Tokyo: Yagi Shobou, 1990). On the Japanese effort to untie aid in response, see MITI, *Keizai Kyouryoku no Genjou to Mondaiten Kakuron [The Reality and Problems of Economic Cooperation: Specific Arguments]* (Tokyo: Ministry of International Trade and Industry, 1989), pp. 771–95.

this aim was consistently re-emphasised as a major policy issue as the debt burden of recipient countries deepened through the 1980s.<sup>60</sup> By 2000, about 90 per cent of all bilateral development aid from DAC member states was in the form of grants; and ten of the 22 members gave all of their foreign aid in grants.<sup>61</sup>

Within the larger context of the social relation between donor and recipient, however, one can also recognise a less salutary effect of this institutionalisation of foreign aid in the postwar era. Although understood as advancing the common interests of all states, the actual practice of giving foreign aid – and, by extension, the public scrutiny and praise – is practically limited to the wealthy few. This basic moral distinction is reinforced in this case by the exclusivity of the DAC. Membership on this committee is even more limited than its parent agency, the OECD, which is often criticised as an exclusive club of wealthy states: none of the new states added to the OECD since the end of the Cold War have joined this committee.<sup>62</sup> DAC members also appear to guard their status as donor, in some case to the point of rejecting humanitarian assistance from other states, thus demonstrating their self-sufficiency. Japan, for example, very publicly rejected offers of aid in the wake of the Kobe earthquake of 1995.<sup>63</sup> What this suggests is that the DAC not only authenticates foreign aid as a virtuous practice, thus legitimising the virtuous use of material wealth by donor states, but also fixes an ethical boundary between donor and recipient states.<sup>64</sup> Because this ethical boundary corresponds to the material hierarchy across which these gifts are given, the tendency of all this monitoring, evaluating, and ranking is to recast the material as a moral order of things.

### Foreign aid and the community of states

To briefly summarise this inquiry into the moral dimension of foreign aid, this article has identified the donations of states to multilateral grant-giving organisations as the ethical core of a larger institutionalisation of foreign aid in the postwar

<sup>60</sup> See DAC, *Development Assistance*, 1964, pp. 97–9; 1965, pp. 119–20; 1968, p. 251; 1969, pp. 223–35; 1970, p. 164; 1971, p. 151–9. On the preferential softening of the terms of aid to the UN-designated least developed countries, see *ibid.*, 1972, p. 209.

<sup>61</sup> DAC, *Development Cooperation*, 2000, p. 226; 2001, p. 242.

<sup>62</sup> Mexico, Czech Republic, Hungary, Poland, and South Korea have not joined the DAC. See Murata, *OECD*, pp. 50–2, on the ‘clubby atmosphere’, and pp. 18–9, 34–6, on the difficulty of joining the ‘club’ in the case of South Korea. An original member of the OECD, Turkey, has not joined the DAC, and Greece joined only recently. See *Development Cooperation*, 1992, p. 22 on membership invitations to Greece, Iceland, Luxembourg, and Turkey; 2000, p. 1 on current membership.

<sup>63</sup> ‘Japan Reluctant to Accept Help From Abroad for Quake Victims’, *New York Times*, 5 Feb 1995, p. A1.

<sup>64</sup> When scrutiny is extended to recipients, the focus shifts to the very different ethical concerns of ‘competence’ and ‘corruption’ — that is to say, not their virtues but their *vices*. Even here, the OECD plays an active role in helping establish an ethical boundary between the recipient states that have few effective anti-bribery policies and the donor states that are increasing their capacity to monitor and criminalise their own private contractors by adhering to the OECD Convention on Combating Bribery to Foreign Public Officials in International Business, thanks to the peer review process. OECD, *Fighting Corruption in Developing Countries and Emerging Economies: The Role of the Private Sector, Washington Conference on Corruption, 22–23 February 1999* (Paris: Development Centre of the OECD, 1999), pp. 6–7.

era as a collective endeavour of the former colonising states. What in a bilateral face-to-face relation merely signals and euphemises the material hierarchies of the postwar world is transformed in this process into a virtuous practice, ethically justified as contributing to the peace and prosperity of the community of states. This article has further argued that the key organisation behind this institutionalisation process is not the multilateral grant-giving agencies but the Development Assistance Committee of the OECD. By setting the standards, monitoring, evaluating, and ranking the aid programmes of member states, the DAC has assumed the new role of ‘moral bookkeeper’, authenticating and encouraging foreign aid as a virtuous practice. Finally, this article has argued that such ethical discourses and forms of public scrutiny and praise have indeed created an incentive, if not to increase, then to conform the practice of foreign aid to more beneficent standards. It is this *institutionalisation* process, in short, that constitutes the empirical substance behind President Truman’s original claim that foreign aid is a moral practice, embodying moral vision and intent.

There are two implications of this specification of the empirical substance behind the ethical claims for foreign aid. First, it extends the metatheoretical insight of Alexander Wendt that states are ontologically real by demonstrating that they are also capable of ethical justification. The ethical discourses and forms of public scrutiny and praise described in this article not only attribute virtue to states but have real effects: they have encouraged a collective practice where none would have existed; and they have disciplined existing bilateral practices to higher ethical standards.<sup>65</sup> The institutionalisation of foreign aid in the postwar era constitutes, in short, an empirically significant *moral* dimension of interstate relations.

The second implication is that these particular ethical discourses and practices are fostering a very old pattern of moral distinction across material lines: they are helping to legitimise the dominant role that donor states have assumed in the postwar world as an ethically justified desert, over and above the imperatives of power politics or market forces. Like the *civic* virtue identified with the practice of foreign aid above, this larger process can also be identified with Aristotle, only in this case, not his virtue *ethics* but his *politics*. A closer reading of Aristotle suggests, in fact, that he compromised his ethics of giving in service of his larger political ideal of civic republicanism, or the rule of the virtuous few over the mass.<sup>66</sup> Although Aristotle’s encouragement of giving extended to all citizens, he created two special categories for ‘great gifts’, arguing in numerous passages that they deserved greater praise. The virtues expressed – *magnificence*, or ‘great deed’, and *magnanimity*, or ‘greatness of

<sup>65</sup> In Wendt’s terms, they have gone beyond the simple reciprocity of a ‘Lockean’ world characterised by strategic national interests or expanding market forces. See *Social Theory of International Politics*, pp. 279–312.

<sup>66</sup> Aristotle’s political theory was a rationalisation of aristocratic rule. Though a mixed polity was the practical ideal, combining the best of ‘polity’ (ideal democracy), ‘aristocracy’ (ideal oligarchy), and ‘kingship’ (ideal monarchy), because it was unlikely that a single ruler would possess all the requisite virtues to lead and because such virtues were unevenly distributed in citizenry at large, Aristotle reasoned that aristocracy was the best form of political rule. See Aristotle, *Politics*, trans. Ernest Barker, revised R. F. Stanley (New York: Oxford University Press, 1995), Books 3 and 4. For this reading of Aristotle’s work, see especially Wood and Wood, *Class Ideology and Ancient Political Theory*, pp. 209–53. For republican traditions in IR, see Nicholas G. Onuf, *The Republican Legacy in International Thought* (New York: Cambridge University Press, 1998).



soul' – were regarded as superior to the *liberality* of ordinary citizens.<sup>67</sup> In short, he strategically embraced 'the sweet bait of honor' in the service of his city.<sup>68</sup> Though the archaic language of virtue is absent, the public ranking and peer review processes of the DAC have similarly set the great givers of the postwar era against one another, establishing the conditions and purposes of a competition for honour in the community of states.

Liberal political theory, of course, has moved substantially beyond civic republicanism in the modern era.<sup>69</sup> In contemporary interstate relations, it provides the basis both for a political discourse of rights that strongly resists any claim of virtue on the part of the wealthy states and for a substantive political agenda of international taxation and other measures that, it is argued, could rectify current inequalities and better realise such rights.<sup>70</sup> The arguments in this article imply that the actual *practice* of foreign aid is fundamentally at odds with this liberal project. This opposition emerges, first, as a basic categorical distinction in the type of resource allocation entailed: whereas a liberal project of rights requires some form of centralised apparatus to redistribute resources from the wealthy to the poorer states, foreign aid remains a *gift*, a voluntary gesture of the wealthy states.<sup>71</sup> It also follows from a further specification of aid practice within the anthropological literature of giving: as an *unreciprocated gift*, foreign aid works not to mitigate but rather to

<sup>67</sup> As Aristotle put it: 'magnificence surpasses generosity [liberality] in scale. . . the expenses of a magnificent man are great and *suitable*, and so are, consequently, the results which he produces . . . we must also take account of who the agent is and what these resources are, for the expenditures must be in keeping with that and must be suited not only to the result achieved but also to the spender. That is why a poor man is unlikely to be magnificent; for he does not have the means for a suitable expenditure of large sums'. See *Nicomachean Ethics*, 1122b20–25, 1122b1–5, 1122b25–30. 'High-mindedness [magnanimity], as its very name suggests, seems to be concerned with great and lofty matters . . . Gifts of fortune, it is believed, also contribute to high-mindedness. Men of noble birth, of power, or of wealth are regarded as worthy of honour, since they occupy a superior position, and whatever is superior in goodness is held in greater honour. That is why the gifts of fortune make men more high-minded, for they are honoured by some people (for having them).' *Ibid.*, 1123a35–1123b1, 1124a20–25.

<sup>68</sup> This is a timocratic competition. *Nicomachean Ethics*, Book 4 and 1163b1–15. On this interpretation of Aristotle's *Nicomachean Ethics*, see especially W. F. R. Hardie, 'Magnanimity in Aristotle's Ethics', *Phronesis*, 23 (1978), pp. 63–79; and Eckart Schuttrumpf, 'Magnanimity, Megalopsychia, and the System of Aristotle's *Nicomachean Ethics*', *Archiv für Geschichte der Philosophie*, 71 (1989), pp. 10–22.

<sup>69</sup> For two good liberal critiques of civic republican virtue ethics, see Alan Gewirth, 'Private Philanthropy and Positive Rights', *Social Philosophy and Policy*, 4 (1987), pp. 55–78; and John Rawls, *A Theory of Justice* (Cambridge, MA: Harvard University Press, 1971), especially pp. 103–8, 310–15. See also Robert Dahl, who criticises civic republicanism for exclusivity and faults the related philosophy of 'guardianism' (which extends the notion of virtue to technical excellence) for relaxing what he regards as an imperative for democratic participation. See his *Democracy and Its Critics* (New Haven, CT: Yale University Press, 1989), pp. 24–33, 52–79.

<sup>70</sup> For a discussion of the efforts to tax emissions and foreign exchange transactions, see UNDP, *Human Development Report* (New York: Oxford University Press, 1999), pp. 12, 108, 113. See also UNDP, 'Policy Review: The Future Role of UNDP, Its Structure and New and Specific Ways and Means of Mobilizing Resources on an Increasingly Predictable, Continuous and Assured Basis' (New York: United Nations, DP/1982/15, dated 5 April 1982).

<sup>71</sup> Foreign aid is often confused as a type of redistribution (international welfare). This confusion extends to the correspondence liberal scholars identify between strong welfare traditions and high *per capita* contributions of foreign aid in certain donor states. Therefore, this observation undermines the liberal attempt to use this correspondence as evidence of the causal power of ideas. See Lumsdaine, *Moral Vision*, especially, pp. 119–21, 167–70, 183–6; and Jean-Philippe Therien and Alain Noel, 'Welfare Institutions and Foreign Aid: Domestic Foundations of Canadian Foreign Policy', *Canadian Journal of Political Science*, 27 (1994), pp. 529–58.

euphemise the existing material hierarchies between the North and the South.<sup>72</sup> Finally, the opposition between foreign aid and liberal ideals characterises even the most beneficent portion of foreign aid, the multilateral grants of states, where symbolic domination shifts to ethical discourses. As this article has argued at some length, the institutionalisation of foreign aid as collective endeavour of the former colonising states works to confirm the virtue of donors as opposed to the rights of recipients. What the successive specifications of the practice of foreign aid add up to is a fundamental political opposition: whereas a liberal project of rights entails a real shift in power from the industrialised states, the moral politics of foreign aid legitimises the power they already have.<sup>73</sup>

By extension, this article reveals a fundamental confusion in the ethical justifications for foreign aid in the liberal tradition noted in the introduction. Identifying foreign aid as an ‘imperfect obligation’ of the wealthy to the poorer states, for example, fails to see that it is the *recipient’s* obligation – specifically the failure to reciprocate a gift – that operationalises this practice, compelling gestures of gratitude and acquiescence in the *status quo*, instead.<sup>74</sup> Identifying the motivation to give foreign aid as a humanitarian ‘moral vision’ fails to see the ‘moral hierarchy’ that can arise when such a practice is institutionalised across material lines.<sup>75</sup> Finally, identifying the donor-recipient relation as a ‘moral doctor–moral patient’ relation misses the necessary fiction of moral agency on the part of recipients in a virtue-centric world. Only by treating recipients ‘as if’ they had moral agency can the superior moral agency of donors emerge.<sup>76</sup> In short, while all of these ethical justifications identify with liberal ideals of rights, humanitarianism, and improvement, the aid practice they justify tends towards the opposite effect, anticipating neither the eventual perfection of donors’ obligation into a right, the mitigation of a material hierarchy, nor the remedy of a diseased condition.

In the 1996 DAC report, Chair, James H. Michel, warned of ‘deeply entrenched gaps between theory and practice’ and ‘patterns of donor activism and recipient

<sup>72</sup> This observation, again, consistent with the basic insight of political realism and world system theory that foreign aid arises more or less directly from the material hierarchies of the postwar world.

<sup>73</sup> Of course, the politics can also work the other way. With the election of a Labour government in the United Kingdom in 1945, a political agenda of redistributive rights finally won the day, successfully scrapping a four-century-old law on charities, which had given a fair portion of the job of alleviating poverty to private philanthropists. But the charity discourse had to be also dismantled first under the weight of the economic collapse in the 1930s before the full legal change could take place. Owen, *English Philanthropy*, pp. 501–11, 532, 547–53 on the National Assistance Act of 1948.

<sup>74</sup> O’Neill, *Towards Justice and Virtue*, pp. 136–41. The problem with this deontological argument is a failure to specify the social relation in which a specific obligation arises.

<sup>75</sup> Lumsdaine, *Moral Vision*. The problem with this humanitarian argument is the failure to anticipate moral hierarchy when giving is institutionalised as beneficence.

<sup>76</sup> Rostow, *The Stages of Economic Growth*; Chenery and Strout, ‘Foreign Assistance and Economic Development’; Navari, ‘When Agents Cannot Act’. The problem with this utilitarian argument is a failure to appreciate the temporal sequence in the analysis of social practice, especially a strategic one like giving. On this point and the significance of misrecognition (or fiction) in giving practice, see Bourdieu, *Outline*, pp. 4–7. On the legal fiction and substantive differences between states and quasi-states, see Robert H. Jackson, *Quasi-States: Sovereignty, International Relations, and the Third World* (New York: Cambridge University Press, 1990); Toni Erskine, ‘Assigning Responsibilities to Institutional Moral Agents: The Case of States and Quasi-States’, *Ethics and International Affairs*, 15 (2001), pp. 67–85, especially 80–1.

passivity' consistent with the argument I have just laid out. To 'change incentives', he went on to argue, required substantially more than a new programmatic focus or greater recipient participation in development planning and implementation. It required self-discipline and hard work – yet another virtue ethic that has infused the discourse of foreign aid from the start. As he put it:

If, as partners, we can exercise the disciplined will to address the contradictions and to implement the strategy, its vision will come to be seen as a realistic prediction of a better future. If we do not make the effort, it will become equally apparent that the strategy projects no more than a cruel mirage.<sup>77</sup>

<sup>77</sup> DAC, *Development Cooperation*, 1996, pp. 10–11.