

Prompt: Does foreign aid help or hurt poor people?

Word Count: 1998

The Management of Compassion

Organised Sincerity and the Renaming of Obligation

In 1943, three million people starved in Bengal while the colonial administration exported Indian grain for the war effort. Four years later, on 15 August 1947, India became independent. The British government did not announce reparations for two centuries of colonial extraction. It announced foreign aid. The economist Utsa Patnaik has controversially estimated that Britain removed roughly forty-five trillion dollars in value from India between 1765 and 1938.¹ What Britain owed, it did not repay; it reframed the debt as charity, narrowing what India could ask of it. A creditor has standing to demand repayment; a beneficiary has only the standing to be grateful. British aid in the 1950s was further conditioned on India's Commonwealth membership and alignment away from the Soviet bloc, so a nation extracted from for two centuries was now offered a fraction of its own wealth back at the price of loyalty. The logic of this arrangement — extraction followed by conditional return, obligation recast as generosity — has governed international aid ever since.

Four trillion dollars worldwide across seventy years² represents not institutional failure but institutional persistence, and the appropriate question to ask of any persistent institution is not whether it achieves its stated purpose but what it is actually achieving. To ask whether foreign aid helps or hurts poor people is already to acquiesce in the assumption that poverty is what the enterprise was designed to address — an assumption that forecloses a more interesting inquiry. When such an institution is funded for decades by states with full access to evidence that its stated aims remain

unmet, the conclusion is not that it needs redesigning but that it produces some result those funding it find worth sustaining. My argument is that foreign aid converts poverty from a problem of injustice into a question of charity, and that this conversion succeeds most completely when administered by people who genuinely believe in it. The containment reading would fail two tests: if economies denied the tools of industrial policy had nonetheless converged on donors' living standards — Korea and Taiwan converged precisely because they retained those tools — or if structural reform had reliably preceded aid rather than followed crisis. Cynical exploitation can be exposed as hypocrisy. Sincere compassion is protected by the value that motivates it — and that protection is not incidental to the system. It is the source of the system's durability.

The philosophical engine of the argument turns on a distinction the aid debate consistently avoids. Thomas Pogge has argued that global poverty is not a failure to assist the unfortunate but the active consequence of arrangements that wealthy states maintain to their own benefit.³ That framing determines the entire politics of the relationship: it is, at its root, Lockean. Locke holds that individuals are rights-holders whose claims precede the state, not objects of charity whose welfare depends on the conscience of the powerful. Under this framework, historical extraction is not a misfortune to be pitied — it is a violation of the Lockean proviso to leave “enough, and as good” for others: a systemic injustice that generates a right to reparation rather than a plea for benevolence. A creditor can refuse terms and organise around the debt; a beneficiary who tried to do either would forfeit the relationship, since it depends entirely on the giver's discretion. When the aid relationship converts the first into the second — through voluntary giving and donor conditionality — it is not failing to solve poverty. It is solving a

different problem: the political challenge that a world of claimants would pose to those who benefit from the arrangements that produce their poverty.

Medieval indulgences allowed wealthy sinners to purchase moral standing without abandoning the behaviour that endangered their souls. The foreign aid system performs a similar function: wealthy states purchase moral standing without abandoning the arrangements that produce the conditions aid is then sent to address. In both cases the transfer is real, the administering institution is staffed by sincere believers, and the underlying behaviour goes on. Indulgences collapsed not because they ceased to serve their purpose but when the theological grammar sustaining their legitimacy became vulnerable to challenge. The foreign aid system awaits an equivalent disruption: it will persist for as long as the moral vocabulary giving it legitimacy goes unchallenged.

Aid's most consequential political function is not what it provides but what it prevents. Meaningful reform — renegotiation of trade rules, genuine debt restructuring, reform of the IMF's voting architecture — has historically arrived only when political pressure approached crisis point. Each came only when the cost of the status quo exceeded what wealthy states would bear.⁴ Roughly two hundred billion dollars in development assistance flows from wealthy donors each year — enough to mitigate poverty's worst symptoms, but nowhere near enough to address what produces them. Aid is not failing through poor implementation; it is succeeding at a different task altogether — keeping those symptoms below the threshold at which pressure for deeper change becomes ineluctable. What such a system must also do is respond when recipients try to escape its terms. One episode makes this starkly visible.

In 2018, Rwanda banned imports of second-hand clothing to protect a fledgling domestic textile sector — the same strategy through which Britain, the United States, South Korea, and Taiwan had industrialised. Economist Ha-Joon Chang showed that every country wealthy today built its wealth behind protectionist walls, then kicked the ladder away from those still climbing.⁵ The United States responded by suspending Rwanda's benefits under the African Growth and Opportunity Act, a trade arrangement worth hundreds of millions of dollars annually — far more than the clothing trade itself. Four neighbouring countries reversed course immediately; Rwanda did not, and lost its AGOA apparel benefits.⁶ Stripped of diplomatic vocabulary, the message was direct: you may receive aid, but you may not use the instruments — protectionism, industrial policy, selective trade — through which your donors first became rich. Robert Cox observed that international institutions do not merely reflect dominant interests but bolster the conditions of dominance by embedding them in the appearance of universal norms — what Stephen Krasner called organised hypocrisy: the Westphalian norm invoked when convenient, suspended when not.⁷ The officials who administered the suspension sincerely believed they were upholding open market principles, while simultaneously ensuring that Rwanda's industrialisation proceeded only on terms that preserved their structural position of advantage. The sincerity was not separable from the coercion: it was what allowed the coercion to be administered as principle.

External enforcement is the system's most legible face. The more important mechanism works from inside the recipient state, on the ordinary logic of institutional incentives. Angus Deaton has identified it precisely: sustained aid flows weaken the fiscal relationship between a state and its citizens.⁸ Accountable government emerges through a particular route: when a state funds itself by taxing its

own population, citizens gain leverage over how they are governed, and the institutions that result learn to answer to popular welfare rather than elite preference or rent-seeking behaviour. Foreign aid inverts this: a government drawing resources from foreign donors rather than its own citizens answers, by the logic of incentives, to donor preferences rather than popular ones. In many recipient states, elites prefer this arrangement: it lets them retain power without delivering the public goods taxation would demand. Dambisa Moyo argued from inside the development sector that governments sustained by foreign transfers face weaker incentives to build the domestic revenue base on which accountable government depends — making aid itself the principal obstacle to building what poverty reduction requires.⁹ Haiti renders the dynamic most legible. In the decade after the 2010 earthquake, more than ten billion dollars in reconstruction aid reached a country whose institutions were already fragile. By the end of the decade, public revenue collection had not recovered, NGO delivery had replaced rather than rebuilt state services, and Haitians found no state institution to hold accountable.¹⁰

The strongest objection is not that aid is effective, but that the alternative is not justice — it is additional suffering. No credible mechanism exists by which reducing aid produces structural reform; what it produces is famine, epidemic, and instability, not the redistribution of power. An argument whose logical conclusion is that the dying should die faster so the survivors might reorganise is not merely uncomfortable: it is indefensible. This argument does not lead there. Jeffrey Sachs has shown that targeted humanitarian interventions — vaccination, famine response, disease containment — can break specific poverty traps without displacing the state accountability on which longer-term development depends.¹¹ The randomista turn reinforces rather than refutes this. Banerjee and Duflo's Nobel-winning trials showed that targeted interventions measurably save lives;¹² PEPFAR has been

credibly linked to millions of deaths prevented. Demonstrable micro-success is the mechanism: each verified life saved is one more reason not to examine the system that makes the saving necessary. The dismantling of USAID in 2025 illuminated the distinction: preservation was argued for on medicines, vaccines, and food supply chains while the system's coercive architecture sheltered beneath that moral clarity — its defenders were sincere and largely correct, yet their sincerity shielded an enterprise whose record had never received scrutiny commensurate with its scale. What the argument demands is not the withdrawal of relief but a reconstitution of the grammar of development — aid as the discharge of a prior obligation rather than the expression of a sentiment, with the recipient as someone owed something rather than merely given it. Insisting on this is not opposition to humanitarianism. It is a refusal to allow humanitarianism to provide moral cover for what is, by a more fitting name, containment.

The system's deepest feature is not its architecture but the character of the people who maintain it. Foreign aid does not persist because the powerful are cynical; it persists because the people who administer it are genuinely motivated by humanitarian concern. This is not a contradiction. Structurally, the system serves wealthy-state interests while its administrators remain entirely sincere in their intentions. The official who suspended Rwanda's AGOA benefits sincerely believed in open markets; the aid worker vaccinating displaced children believes in the work. Both participate in a system whose true function is invisible to them: their belief in it precludes the perception. William Easterly documented how well-intentioned aid organisations are embedded in systems rewarding visible generosity over genuine results;¹³ P. T. Bauer identified the same detachment in 1976: aid serves donor moral imperatives more than recipient needs, and goodwill is not evidence of value.¹⁴ James

Ferguson named aid's depoliticising function;¹⁵ this argument identifies what he did not — sincerity as the mechanism of its self-perpetuation. What these traditions converge on is the same difficulty: sincere compassion is the most resilient cover a system under critique can possess. Cynical exploitation can be exposed, because the exposé has a legible target, a discreditable motive, a vocabulary of condemnation. Sincere compassion cannot be challenged without appearing to oppose the relief of suffering itself. The charge that aid serves the rich at the expense of the poor was always deflected by pointing to the sincerity of those who run it, as if sincerity were a refutation. But sincerity does not acquit. Organised hypocrisy can be exposed. Organised sincerity has no motive to expose.

The question this essay began with now reveals its own function. To ask whether foreign aid helps or hurts poor people is already to acquiesce in the system's own frame — debating effectiveness on the terms of its self-description. The honest question runs differently: does aid's architecture entrench the international order's production of poverty? The evidence answers consistently. Aid manages suffering through benevolence; managed suffering attenuates political pressure; attenuated pressure postpones the moments of crisis that have historically been the only conditions under which wealthy states have conceded meaningful change. On 15 August 1947, a colonial power converted an obligation into a gift, and called the conversion generosity. The world has since administered that gift with such growing professionalism and conviction that the conversion is now complete. The debt has always been a gift.

Notes

1. Utsa Patnaik, "Revisiting the 'Drain', or Transfers from India to Britain in the Context of Global Diffusion of Capitalism," in Shubhra Chakrabarti and Utsa Patnaik, eds., *Agrarian and Other Histories: Essays for Binay Bhushan Chaudhuri* (New Delhi: Tulika Books, 2017), 277–317.
2. OECD, "Development Finance Data: Official Development Assistance," OECD Development Co-operation Directorate, accessed May 2026, <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/>.
3. Thomas Pogge, *World Poverty and Human Rights* (Cambridge: Polity, 2002), 23.
4. Nancy Birdsall and John Williamson, *Delivering on Debt Relief: From IMF Gold to a New Aid Architecture* (Washington, DC: Institute for International Economics, 2002), 14–22.
5. Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (London: Anthem Press, 2002), 51.
6. United States Trade Representative, "President Trump Announces Intent to Suspend Rwanda's Participation in AGOA Apparel Program," Office of the United States Trade Representative, March 30, 2018, ustr.gov.
7. Robert W. Cox, "Social Forces, States and World Orders: Beyond International Relations Theory," *Millennium: Journal of International Studies* 10, no. 2 (1981): 136; Stephen D. Krasner, *Sovereignty: Organized Hypocrisy* (Princeton: Princeton University Press, 1999), 9.
8. Angus Deaton, *The Great Escape: Health, Wealth, and the Origins of Inequality* (Princeton: Princeton University Press, 2013), 272.
9. Dambisa Moyo, *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa* (New York: Farrar, Straus and Giroux, 2009), 7.
10. Jonathan M. Katz, *The Big Truck That Went By: How the World Came to Save Haiti and Left Behind a Disaster* (New York: Palgrave Macmillan, 2013), 133.
11. Jeffrey D. Sachs, *The End of Poverty: Economic Possibilities for Our Time* (New York: Penguin Press, 2005), 233.
12. Abhijit V. Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (New York: PublicAffairs, 2011).
13. William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006), 11.
14. P. T. Bauer, *Dissent on Development* (Cambridge, MA: Harvard University Press, 1976), 95.
15. James Ferguson, *The Anti-Politics Machine: "Development," Depoliticization, and Bureaucratic Power in Lesotho* (Cambridge: Cambridge University Press, 1990).

Bibliography

- Banerjee, Abhijit V., and Esther Duflo. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: PublicAffairs, 2011.
- Bauer, P. T. *Dissent on Development*. Cambridge, MA: Harvard University Press, 1976.
- Birdsall, Nancy, and John Williamson. *Delivering on Debt Relief: From IMF Gold to a New Aid Architecture*. Washington, DC: Institute for International Economics, 2002.
- Chang, Ha-Joon. *Kicking Away the Ladder: Development Strategy in Historical Perspective*. London: Anthem Press, 2002.
- Cox, Robert W. "Social Forces, States and World Orders: Beyond International Relations Theory." *Millennium: Journal of International Studies* 10, no. 2 (1981): 126–155.
- Deaton, Angus. *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton: Princeton University Press, 2013.
- Easterly, William. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin Press, 2006.
- Ferguson, James. *The Anti-Politics Machine: "Development," Depoliticization, and Bureaucratic Power in Lesotho*. Cambridge: Cambridge University Press, 1990.
- Katz, Jonathan M. *The Big Truck That Went By: How the World Came to Save Haiti and Left Behind a Disaster*. New York: Palgrave Macmillan, 2013.
- Krasner, Stephen D. *Sovereignty: Organized Hypocrisy*. Princeton: Princeton University Press, 1999.
- Moyo, Dambisa. *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa*. New York: Farrar, Straus and Giroux, 2009.
- OECD. "Development Finance Data: Official Development Assistance." OECD Development Co-operation Directorate. Accessed May 2026.
<https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/>.
- Patnaik, Utsa. "Revisiting the 'Drain', or Transfers from India to Britain in the Context of Global Diffusion of Capitalism." In *Agrarian and Other Histories: Essays for Binay Bhushan Chaudhuri*, edited by Shubhra Chakrabarti and Utsa Patnaik, 277–317. New Delhi: Tulika Books, 2017.
- Pogge, Thomas. *World Poverty and Human Rights*. Cambridge: Polity, 2002.

Sachs, Jeffrey D. *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Press, 2005.

United States Trade Representative. "President Trump Announces Intent to Suspend Rwanda's Participation in AGOA Apparel Program." Office of the United States Trade Representative, March 30, 2018. ustr.gov.