

# Tyler Morning Telegraph

## Nobel laureate sees limits of foreign aid

October 15, 2015

The winner of this year's Nobel Prize for Economics has done some outstanding work regarding poverty. Angus Deaton, the Dwight D. Eisenhower Professor of Economic and International Affairs at Princeton University, was announced as the recipient of the award last week. It's a well-earned honor; Deaton has helped demonstrate that poverty is a complicated condition, but one that can be overcome through trade and development.

Last year, Deaton gave a talk about his new book, "The Great Escape: Health, Wealth, and the Origins of Inequality," to the Cato Institute.

"Throughout history, the greatest episodes of human progress are what I call 'the great escapes,'" he explained. "The most obvious dimensions are the escapes from material destitution, ill health and premature mortality. I focus mostly on health and wealth, but it's worth mentioning that there are many other examples as well."

For nearly all of human history, poverty, war, short life-spans and privation have been the norm. But in recent decades, that has changed.

"Today, there are more people living under democracy, for example, than ever before," he said. "There are enormous, large-scale reductions in violence around the globe over the centuries which contribute greatly to human well-being. We've seen huge increases in education, particularly - but not exclusively - among women."

Now, here's where much of the coverage of Deaton's prize has fallen short. It's true he focuses on inequality, but not exclusively. And it's not inequality he objects to - it's poverty.

"Most of these episodes (of 'great escapes') have only allowed some to escape - leaving many others behind - but ultimately that's the nature of the beast," he said. "Progress does not come evenly. In that sense, it is one of the great engines of inequality. But it's very hard to object to this sort of inequality. Why, if some escape and some don't, is the world a worse place? Well, it's not."

Of course inequality isn't ideal. But too many economists see inequality as a reason to object to progress - they'd rather see everyone equally miserable, than to see some begin to escape that misery.

That's unacceptable, Deaton says, and it's counterproductive.

What people need is a democratically elected (and accountable) government and a free market system.

What they don't need is foreign aid. That makes the problem worse, he said.

“This is most obvious in countries where the government receives large amounts of direct aid,” he said. “These governments need no contract with their citizens, no parliament, and no tax-collection system. Why would they pay any attention to the needs of their own people?”

The “great escape” isn't a one-time event. It's an ongoing process, and it's still happening in many parts of the world.

“What can we do to help that process along?” he asked. “One thing that we can do is to agitate for our own governments to stop doing those things that make it harder for poor countries to stop being poor.”

Angus Deaton is one of the most important thinkers on the world stage today. He's a most deserving Nobel laureate.