

The figures behind the acts of giving

By Andrew Jack

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It was the curious combination of former US presidents Jimmy Carter and George H. W. Bush that first drew Carol Adelman into the fraught debate on the generosity of US giving. And it was Google that helped push her into gathering regular statistics to back up her instincts.

A former US diplomat and officer at the Agency for International Development under Ronald Reagan and Bush Sr, Adelman says she winced when Carter accused Americans at the end of the 1990s of being “stingy” in their aid to the developing world.

He was referring to the oft-cited, and accurate, figures showing that although US official aid in total cash terms outstrips all other international government donors, its relative contribution in per capita terms is far more modest.

What these data ignore is the significant additional support provided by Americans in other ways: through philanthropic donations, religious giving and, most controversially, through remittances and foreign investment.

“It didn’t ring true with what I saw out in the field, with the activity of all the non-governmental organisations,” says Adelman, reinforced by some research conducted a decade earlier suggesting private giving was twice as important as official assistance.

Hired by the self-described “contrarian” Hudson Institute, she worked with Andrew Natsios, George W. Bush’s appointee to run USAID, to conduct a new survey.

This concluded in 2002 that private support to developing countries was near 3.5 times public levels.

But for Adelman, who runs Hudson’s Centre for Global Prosperity, the turning point came when Jan Egeland, the United Nations’ undersecretary-general for humanitarian affairs and its emergency relief co-ordinator, repeated the “s” word in accusing countries of meanness following the Asian tsunami at the end of 2004.

Egeland had more authority to speak than most, since his native Norway is among the (mainly Scandinavian) countries that regularly top international comparisons of per capita official development assistance.

These same nations were quick to respond to a recommendation made in 1969 in the Pearson Commission on international development: to raise assistance to 0.7 per cent of gross domestic product. In Hudson’s analysis this was a “mythical solution” that few countries have formally committed to meet.

Nearly four decades later, Google helped bring many reporters seeking reactions to Egeland's comments to Adelman, who had already published several articles on the theme. The sudden interest spurred her to create Hudson's annual index of global philanthropy, now into its third edition.

The 2008 edition of the Hudson report places Sweden top of official development assistance as a proportion of gross national income at 1.02 per cent, with the US's \$24bn in 2006 (the last comparable data) putting it 21st out of 22 places with just 0.18 per cent.

However, when recalculated to \$192bn to include "total economic engagement with developing countries", the US jumps to sixth place at 0.99 per cent. These data include contributions from private philanthropy and also private capital flows and remittances – two elements picked up by critics of the statistics.

Not only do they fall outside "non-profit" giving; they also come well beyond the ability of any government to control – a factor that makes many suspicious that they lack any political accountability.

"I don't care what we call it, it's a major force," retorts Adelman. "If your goal is reducing poverty, you need a new paradigm. Private giving is out there. It's where the developing world is going, with or without the development agencies. And it's probably delivering more efficiently. The vast majority of studies can't show a relationship between overseas development assistance and economic growth."

She is particularly interested in remittances, which the World Bank estimates have doubled globally to \$300bn annually in the five years since 2001 – including \$221bn received by developing countries in 2006.

Adelman concedes that there are still many shortcomings to the data that Hudson compiles, to the extent that she remains reluctant to offer year-on-year comparisons as work continues to refine their quality. "The state of the numbers is so bad. If we have a choice, we always go for the most conservative," she says.

Intriguingly, new data from countries such as France and Norway suggest these countries may be more generous in their private giving than suggested by the stereotype that Europeans expect the state to provide while Americans take the initiative themselves. The largest official donors – Sweden, Luxembourg, Norway, the Netherlands and Denmark – retain their pre-eminence after taking account of private giving.

Whatever the shortfalls in the research, Hudson's rankings are promoting new debate and an incentive to improve the data.

"Everyone loves rankings," says Adelman. "It's about competition."

The writer is pharmaceuticals correspondent for the Financial Times

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