

A Christian Perspective on Development Aid

I. Introduction

World War II marked the start of large-scale international transfers of resources in the form of development aid. In the waning days of World War II, the Allied Powers created the World Bank and the International Monetary Fund at the Bretton Woods conference. The end of the 1940's saw the implementation of the Marshall Plan to rebuild Europe, at the time the largest international aid program in history, and in his 1949 inaugural address, President Harry Truman advocated for increased development aid to combat communism and improve living standards. The 1950's and 1960's saw the development of regional financial development banks such as the Intra-American Development Bank (1959), the African Development Bank (1964), and the Asian Development Bank (1966). These institutions made alleviating global poverty a goal and today, gross disbursements of development aid from government and multilateral sources is enormous, totaling \$190 billion in 2017 alone and nearly \$1.1 trillion since 2010.¹

The focus towards international poverty relief was not solely a government led effort. The church, broadly construed, also formed their own development aid agencies. In 1945, churches in Ireland and the United Kingdom founded Christian Reconstruction, later named Christian Aid, to assist with the refugees of World War II. Reverend Bob Pierce established the evangelical humanitarian agencies of World Vision (1950) and Samaritan's Purse (1971). Also in 1971, Dr. Larry Ward founded Food for the Hungry to eradicate child hunger. Additionally, since the 1990's, the number of faith-based humanitarian agencies has also markedly increased (Barnett and Stein 2012).

¹ Author's calculation using statistics from Creditor Reporting System Aid Activity database of the OECD Stats, the Organization for Economic Cooperation and Development. All dollar figures are constant 2017 USD.

Given the proliferation of organizations delivering aid, both secular and faith-based, and the amount of aid donors give, Christians should have a framework to process and evaluate development aid. This paper develops a general normative framework Christians can employ to evaluate development aid by generalizing and expanding the contributions of Hoksbergen (1999), who provides eight criteria aid packages should meet to further civil society, and Wright (2004), who outlines four creation principles of economic activity.

Before detailing the normative framework, a few assumptions are needed. First, the paper assumes development aid is an objective worth pursuing, even with all its past and current failures. Second, the paper is not answering the thorny question as to whether development aid is a legitimate function of government (constitutionally or morally). The paper assumes government has some role in providing aid.² However, even if the reader believes development aid should be a private endeavor (e.g. the work of many non-government organizations), the normative framework of the paper is flexible enough to apply to private development assistance. Lastly, when the paper refers to development aid, it is doing so in a broad sense. The paper considers development aid to be the international transfer of resources for the express purpose of humanitarian assistance and economic development, not military aid.

The format of the paper is as follows. Section 2 develops a biblical framework of charity. Section 3 applies the framework to specific types of development aid programs and provides general recommendations on how Christians can evaluate development aid. Section 4 will consider the jubilee passage of Leviticus 25 and apply its lessons, within the paper's basic framework, to the practice of loans for development. Section 5 tenders concluding remarks.

² According to Secretary Madeline Albright, governments only have five tools in engaging in foreign policy and development aid is one of them (Vreeland and Dreher 2014).

II. Biblical Framework of Charity

Pastor Rick Warren's well publicized testimony before a Senate subcommittee hearing on global health programs highlights the need for a biblical framework to consider foreign aid. He told the committee that Americans need a "new perspective" on development aid and "Proverbs 3:27 in the Bible tells us it's morally wrong to withhold assistance for those who need it."³ In the question and answer session, Pastor Warren advocated for more generous tax laws incentivizing charitable giving and showed support for "government funding and increasing funding" to fight poverty, AIDS, and other global health issues.

What Warren failed to describe was how people should evaluate the additional development aid. In fairness, providing such a framework was not his objective. However, he implicitly assumed additional aid would improve the lives of the recipients and noble intentions and actions by the donors. However, it is also possible that additional aid would harm the recipients and donors would act selfishly. Therefore, it is not enough to merely state that aid is concordant with the Christian worldview. Development aid is heterogeneous and different types of aid and different stipulations to aid vary in moral value. Christians should advocate those types and stipulations that have the greatest moral value and censure those that are counter to Christian moral values. How then should Christians proceed?

This section develops a framework for evaluating development aid practices in accordance with a biblical notion of Christian charity. In constructing the framework, the paper employs broad biblical principles found throughout Scripture instead of relying on proof texting since proof texting runs the risk of stripping the verse of its proper context. Proof texting is particularly problematic when attempting to apply the Old Testament commands to the modern

³ For video and transcript of Warren's testimony, see <https://www.c-span.org/video/?325805-1/elton-john-rick-warren-testimony-ussponsored-global-health-programs>.

world. The economic structure of the ancient world was drastically different than the modern capitalistic and interconnected world (Lunn 2002). Economic activity in the ancient world was stagnant and occurred in a small personal sphere whereas life today is more impersonal (Klay and Lunn 2003). Additionally, Israel was under a different and special covenant, where their obedience to the Law would bring spiritual and material blessings, from which they were to share with the other nations to show the goodness of God. Christians are not under the same covenant and are thus not promised any material blessing for obedience, even though every Old Testament command contains values that Christians should still follow today (Blomberg 1999).

The basic outline highlights three pillars of Christian charity. First, people are created in the *Imago Dei*. Second, Christian charity should go to the truly needy. Lastly, Christians should be good stewards and exhibit wisdom in distributing aid. This last pillar stresses accountability and effectiveness of aid.

The first pillar, God creating man in the *Imago Dei*, is fundamental to the other pillars. Since man is made in the image of God, man has inherent dignity and value, should have meaningful relationships with God, creation, and other people, and engage in joyful work (Wittmer 2004). Each person brings value to the created order because God created them with a purpose. However, this value is more than economic in nature. Man is more than matter and has a spiritual dimension. On this point, Christian economists should deviate from secular economists. Man is not only an input into the production process, the economic problem is not the only consideration for man, and maximizing utility is not the end objective of life. Man is more than *homo economicus*. Therefore, Christians should oppose anything that detracts from the dignity of the individual, including development aid.

The responsibility as image bearers means that man is responsible to participate in the improving of creation, sharing in the responsibility of caring for its resources (Middleton 1994). Improving creation presumes the expectation of growth and trade (Wright 2004) and God created man with all the tools necessary to accomplish this task (Wilson 2011). Man fulfills this mandate through work, one of the four creation principles (Wright 2004). Through work, man can limit scarcity, create additional value of resources, and bring creation to its fulfillment (Cawley and Synder 2015), further reflecting the attributes of God.⁴ Work is directly connected to a person's human dignity and as Pope Francis stated, work's "primary value is the good of the human person, as it allows the individual to be fully realized as such, with his or her attitudes and intellectual, creative, and manual capacities."⁵

Man works not merely for the sake of working, but to exhibit good stewardship in the spheres over which God has given him influence. Proper stewardship is concerned with the creation of value and good stewardship requires cooperation and knowledge. As image bearers of a triune God, each person is unique, has specialized knowledge, and can add value to exchange. Man is "recreated in the image of God, as persons who are radically different from each other and essentially engaged in a positive exchange process" (Woehrling 2011, 200). When society ignores the dignity of an individual and excludes people from the broader market, they are forfeiting the benefits of unique specialized knowledge the person has. Since the economic problem is essentially a problem of coordinating local and scientific knowledge (Hayek 1945), this exclusion of individual knowledge creates inefficiency. Even worse, when

⁴ These statements are not maintaining that creation was imperfect or incomplete. Genesis 1 is clear that what God created was very good and that God gave man the awesome responsibility of continuing to create. The author uses scarcity in its common economic meaning: resources are scarce because each choice has an opportunity cost.

⁵ For the full statement, see here: <http://visnews-en.blogspot.com/2014/03/pope-francis-without-work-human-dignity.html>.

people are excluded from the economic sphere, it strikes at the heart of the creation narrative that suggests all the earth's resources should be available to all people and the product of economic activity should be shared by all (Wright 2004).

The second pillar of a biblical view of charity demands that true charity helps the truly needy and does so without requiring reciprocity. While the presence of sin means the poor will always exist (Tatum 2017), the Bible notes three reasons for poverty. First, a person could be in poverty because of the general curse of the Fall (e.g. a poor crop in an agricultural society). Second, a person could be in poverty because of their own behavior (e.g. laziness or greed). Lastly, a person could be in poverty because of oppression (e.g. corruption or exclusion). While this distinction is important, for example the Apostle Paul instructs the church at Thessalonica not to give aid to those who did not work, this distinction is most important for local charity where the giver has a relationship with the receiver and can provide more than simple material aid. Furthermore, it is unlikely that a society or whole class of people are in poverty because of laziness. Therefore, denying development aid on this account seems short-sighted at best and unjust at worst.

There are two reasons why development aid should flow to the truly needy.⁶ First, charity in the Bible is directed at the absolute poor or those in danger of becoming poor because these people are marginalized in society and need restoration. This follows from the Hebrew and Greek terminology for the poor in the Bible, which includes a person's material position and their sociopolitical position (Scacewater 2017). Consider the two examples of gleaning (Leviticus 19) and caring for widows and orphans (James 1:27). The practice of gleaning in the Old Testament allowed those who were poor to provide for themselves through work. The reason

⁶ Hoksbergen (1999) contends that aid should go to the traditionally marginalized.

these people needed to glean, though, was because they were most likely landless, either because they were aliens in the land, or because they lost their land earlier (see below for a discussion on land distribution in Israel). It is likely that widows and orphans were also landless, or at the very least, would find it difficult to provide for themselves through their own work.

The second reason development aid should flow to the truly needed is that all resources, including development aid, are scarce. Giving aid to those who do not need it unnecessarily diverts much needed aid to others. This makes it particularly distressing that donors often use aid for their own interests (Vreeland and Dreher 2014) rather than the interests of the recipients. Consider two examples. Until 2005, USAID, the U.S. agency responsible for administering U.S. civilian development aid, had to purchase condoms for their family planning aid from U.S. manufacturers, of which there was only one during some years (Alatech Healthcare Products). Dugger (2006) reports Alatech condoms cost 150% more than foreign made condoms. While it is fair to question whether condoms are an appropriate product for development aid, paying 1.5 times more for the same good is a waste of resources, resources that would be better spent on aiding the needy. A more recent example involves food aid. By law, U.S. flagged shipping vessels must transport 50% of all U.S. food aid.⁷ The Government Accountability Office (2015) estimates this restriction increases the cost of shipping food by 23%, or \$107 million between 2011 and 2014. That \$107 million went to the relatively wealthy and politically well-connected ship owners, rather than the truly needy.

The third pillar of a biblical view of charity demands that Christians be good stewards of all resources and exhibit wisdom in distributing these resources. Good stewardship requires careful measurement of the effectiveness of aid and proper accountability about the distribution

⁷ Before the Moving Ahead for Progress in the 21st Century Act of 2012, U.S. flagged vessels needed to ship 75 percent of all U.S. food aid.

of aid.⁸ Since the world is fallen, Christians must realize that good intentions may not lead to optimal results.

Aid may be ineffective or less effective than hoped because the world is fallen and people are often selfish and short-sighted. Genesis 6:5 records how the thoughts of man before the flood pursued evil always. The story doesn't change after the flood as Romans 1 teaches how man's heart bends toward sin. The existence of sin creates limitations to human behavior.

These limitations reduce the effectiveness of development aid in two ways. First, since aid is administered by sinful man, there exists the possibility of fraud and ill-intent. Platteau (2004) shows that local elites often capture development aid rather than the aid flowing to those it is intended for. Easterly and Pfutze (2008) find a substantial amount of aid flows to autocrats rather than countries with the lowest income. Asongu (2012) reports a positive association between aid and corruption. The aid-corruption link is particularly troubling since of the 767 million people living in absolute poverty, 389 million of them live in Sub-Saharan Africa (World Bank 2016) and Sub-Saharan countries often have corrupt governments (Brautigam and Knack 2004). The Wall Street Journal reports 15-20% of malaria drugs the U.S. government donated to Africa between 2006 and 2012 were stolen and sold on the black market (Faucon, Bariyo, and Whalen 2013).

Second, even when outright fraud is not found, political leaders of both donor and recipient countries use aid to improve their political position through the strategic use of aid, which may not help those in need (Hopkins 2000). Pincin (2013) finds politicians in donor governments may be more concerned with using aid for their own political and economic

⁸ The effectiveness of aid is still an open-ended question in the economics literature. For example, Doucouliagos and Paldam (2008) and Mekasha and Tarp (2013) conduct meta analyses of the aid literature to determine if development aid increases economic growth. The authors analyze the same 68 studies and come to opposite conclusions!

interests rather than the interests of the recipient, contrary to what donors often claim. Dietrich (2016) argues the political ideology of donor governments (i.e. whether they are generally pro or anti market) determines whether the donor is concerned with whether aid flows to those in need in corrupt countries or whether aid first goes to the recipient country government. These examples are contrary to Hoksbergen's (1999) suggestion that a proper aid package would not be donor-driven.

The question of whether aid is effective is empirical and dependent on the margin investigated. Therefore, Christian economists should be invested in using the best empirical techniques to measure effectiveness. The new wave of randomized controlled trials (RCTs) evaluating targeted aid flows should help identify aid that works, though Deaton and Cartwright (2016) caution that RCTs may not scale outside of the specific experiment they are designed for. Additionally, the measurement techniques should focus on outputs, not inputs. To understand the difference, consider the example of malaria nets. The goal of malaria nets is to improve health outcomes, specifically reducing the incidence of malaria. Therefore, an appropriate, though not exclusive, evaluation of malaria nets is whether the nets reduced malaria or not as the coverage of malaria nets increased. An inappropriate focus would be the number of malaria nets disbursed because the number of malaria nets disbursed may be increasing but the recipients may be using the nets incorrectly.

Aside from the effectiveness of aid, Christian economists should demand accountability from aid organizations. This includes faith-based aid agencies and government aid agencies. This accountability should come from third-party sources so the results are not tainted. The example of TOMS is instructive on this point. Since 2006, for every shoe TOMS sells, it donates a pair of shoes to a child in need in a developing country. Using an RCT, Wydick et al. (2016) evaluate

the impact of the donated shoes from TOMS in El Salvador on various health and school outcomes. The authors find negligible impacts on the recipients and encourage donors to be more careful in the type of in-kind donations donors give as well as the context in which donors give their donations. TOMS has pledged to take the results to heart and change their giving practices accordingly. How many other for-profit companies giving in-kind donations, non-profits, whether Christian or secular, or government aid organizations are interested in such transparency? TOMS experience should be the norm, not the exception.⁹

III. Evaluating Development Aid

The previous section presents a three-pillared biblical model of charity. Given this framework, this section applies this framework to three areas within development aid: aid targeting, tied aid, and aid conditionality. To focus the discussion, many of the examples in this section will focus on the United States and government provided development aid.

III.1 Aid Targeting

The first pillar of biblical charity suggests donors should give aid in such a way so as not to violate the notion that every person is created in the *Imago Dei*. Development aid must recognize the value of every individual and Christians should not support aid that destroys life or dehumanized individuals. Here are two possible applications of this principle. First, development aid should also not support policies that terminate innocent life. Berendt (2003), using the book of Genesis to form a vision of Christian ethics, stresses that population policies that disrupt the

⁹ As a comparison to the TOMS example, World Vision International's 2018 *Accountability Report* is short on independent third-party evaluation and often relies on reporting inputs, not outputs. You can read the report here: <https://www.wvi.org/sites/default/files/2019-07/2018%20Accountability%20Report.pdf>. Unfortunately, this is common among non-profits. Sadly, it is not much better at government aid departments. The latest *Evaluation Utilization at USAID* states on page vi of the report "Limitations of this study include the self-reported nature of survey and interview data, a survey response rate below the ideal level, and the extraction of information about utilization from documents that were not designed for that purpose." You can read the report here: https://pdf.usaid.gov/pdf_docs/pa00kxvt.pdf.

biblical call to fruitfulness are wrong. This would include aid to committee abortions. Second, countries should adopt a Leahy amendment for development aid. The Leahy amendment prohibits the United States from giving any military assistance to parties who are guilty of human rights violations. Since governments give development aid for development and humanitarian purposes, it seems odd that a requirement like the Leahy amendment is not standard. Carey (2007) even shows that bureaucratic inertia makes donors slow to change their giving away from recipients who are human rights violators.

The second pillar of biblical charity recommends that donors should focus aid on the poorest individuals, which unfortunately it does not (Briggs 2017). Currently, aid is scattered across over 150 countries. As of 2017, the United States gave aid to 158 countries. Instead of the current scattershot approach, countries could start by targeting the 767 million people who live on less than \$1.90 a day, which is about 10.7% of the world's population (World Bank 2016). The easiest way to do this is to focus aid on either the 31 low income countries or the 39 Heavily Indebted Poor Countries as defined by the World Bank. Additionally, donor countries could limit further the number of countries they give aid to if they exhibited better coordination. For example, as the largest aid donor, the United States could provide aid to the five poorest countries in the world. The next largest donor, which many years is Japan, could provide development aid to the next five poorest countries.¹⁰ This way, the largest donors would be responsible for the poorest countries, meaning less affluent donors do not face as large of a burden. This strategy would also drastically reduce redundancy and monitoring costs, which are a substantial problem in aid distribution (Acharya, De Lima, and Moore 2006). Such focusing

¹⁰ The number of countries, five, is illustrative only.

would require better donor coordination but Bigsten and Tengstam (2015) show that better donor coordination and optimizing aid allocation significantly increase poverty reduction.

Proper targeting for aid goes beyond when aid should start and includes when aid should stop. In line with the first pillar of biblical charity, and to some extent the third pillar, the goal of development aid should be to help a country become self-sustaining, not to allow a country to become aid dependent. Therefore, it is appropriate that a system of aid distribution carries automatic sun setting clauses where aid is reduced gradually to zero. Such sun setting would help reduce the incentive for recipients to avoid making needed internal changes. As countries become wealthier donors can slowly remove aid to avoid a sudden hard reduction in aid, like how the Earned Income Tax Credit in the United States decreases in generosity the more a person makes. It may make sense for donors to give the poorest countries development aid in grants, provide development aid as a mix of grants and loans as the recipient countries become wealthier, move to all loans as the recipient country becomes even wealthier, and then cut aid entirely. At each step, transparency is needed as to when the transitions should occur (i.e. pre-determined income levels). This type of system provides the most generous forms of aid to the poorest countries and requires recipients to take more responsibility for their own development as they become wealthier.

III.2 Tied Aid

The third pillar of biblical charity requires effectiveness of aid and accountability. One area where there is consensus in the aid literature regarding ineffectiveness and a lack of accountability is the area of tied aid. Donors can give foreign aid as untied, partially tied, or

tied.¹¹ Of the \$106.5 billion of bilateral Official Development Assistance commitments in 2017, official donors tied 12.4% of it.¹² While this is significantly lower than 1979, the first year tied aid data is available, where official donors tied 51.4% of bilateral ODA commitments, the percentage of tied aid has been higher than 11 percent since 2007. Not coincidentally, the lowest percentage of tied aid was in 2005, the year of the Paris Declaration (see footnote 12).

Donors give tied aid for multiple reasons. First, donors receive utility from tied aid (Gounder 1999). Second, donors use tied aid to appease domestic lobbying groups (Lahiri and Raimondos-Moller 2000). Third, donors believe tied aid will increase domestic employment and exports (Radelet 2006). Fourth, donors use tied aid to influence the political relationship with the recipient (Dreher and Sturm 2006). Lastly, Senanayake (2010) argues that tied aid increases public support for aid in general. All these reasons concern the interest of the donor more than the recipient, which is counter to the second pillar of aid discussed in Section 2.

While tied aid may have some benefits (Melito 2009), tying aid is controversial and the broad aid community has suggested eliminating tied aid in multiple agreements.¹³ Tied aid is controversial for several reasons. First, tied aid increases the general costs of aid for recipients by 15 to 30 percent (Jepma 1991) and the costs of technical assistance and food aid by even more (Williams et al. 2003 and Barrett and Maxwell 2007). Second, tied aid can undermine institutional capacity (Aryeetey et al. 2003). Lastly, tied aid reduces the incentive of recipients to take ownership of aid (Clay et al. 2008).

¹¹ Untied aid means aid recipients can procure goods and services from any country. Tied aid limits the recipient country to procuring goods and services from the donor country. Partially tied aid lies in between these two extremes.

¹² Author's calculation using statistics from Table DAC 7B from OECD Stats, the Organization for Economic Cooperation and Development.

¹³ For example, the 1969 World Bank report, *Partners in Development*, and the 2005 *Paris Declaration on Aid Effectiveness* both advocate for the untying of aid. Of some interest is that the 2005 Paris Declaration did not set a year for the ending of all tied aid, even though the report set numerous other hard dates for aid reform.

Given the consensus in the aid community that tied development aid is harmful to the recipient, donors should cease tied aid because it violates the second pillar of biblical charity of giving aid to recipients without expecting reciprocity. It is particularly shameful that the United States, the largest donor of development assistance in absolute terms, was responsible for 71.3% of all tied bilateral commitments in 2017.¹⁴ Ireland, Norway, and the United Kingdom do not tie any of their bilateral commitments.

III.3 Aid Conditionality

Conditionality refers to the conditions aid recipients must meet to receive or continue to receive aid. Conditionality is important because aid is fungible (Boone 1996), meaning recipients can offset their own spending with development aid, and a substantial amount of aid flows to autocrats (Easterly and Pfutze 2008). All three of the pillars of biblical charity relate to aid conditionality. Aid flowing to autocrats increases the chance that aid could further human rights violation, violating the first pillar of biblical charity. When countries use the fungibility of aid to redirect spending away from the needy, it violates the second pillar of biblical charity. Redirecting aid from its intended purpose also reduce the effectiveness of the aid, violating the third pillar of biblical charity.

Having already covered certain conditionality issues above (initial aid access, the Leahy amendment, tied aid, and the sun setting of aid),¹⁵ this section will only consider fungibility. Given the negative outcomes of redirecting aid, donors should hold recipients accountable for where recipients spend aid. If recipients redirect aid money, donors should penalize the recipient with reduced aid. Consistent violations would lead to the forfeiting of future aid for a designated

¹⁴ The United States has given 17 percent of total ODA gross disbursements since 2006, and has given over \$127 billion more in ODA over this time than the next closest country (Japan).

¹⁵ As noted above, aid tying should not be part of conditionality as it unnecessarily increases the cost of aid and donors use it for their own interest, not the interest of the recipient, violating the biblical model of charity.

period (known in advance by both the donor and recipient). This probably would require some form of a Multilateral Reputation Mechanism, a la Grief (1994), to enforce and again stresses the need for better donor coordination.

An example may help clarity. Suppose country X plans to spend \$10 million per year for primary education expenditures. Now suppose country Y (or multilateral organization Z) pledges to provide \$10 million in development aid for primary education expenditures. Together, this means country X should spend at least \$20 million for primary education. If they do not, this means country X substituted some of country Y's or multilateral organization Z's development aid for its own spending, reducing the impact of the development aid. To reduce this behavior, donors could match the spending of recipient spending.

Conditionality should also be required for donors. Currently, there is no mechanism holding donors responsible for aid they committed but have not disbursed, meaning donors can look more generous than they truly are. Creating such a mechanism would be difficult and possibly impossible to enforce, but if donors are serious about the development and humanitarian objectives of aid, such a discussion needs to occur.

IV. Jubilee and Foreign Aid: An Example

This section considers what the jubilee described in Leviticus 25 could contribute to the distribution of development aid today. The lessons from the jubilee fit within all three pillars of the biblical model of charity this paper develops. First, the jubilee respects the value of the individual because it restores the individual back into the covenantal relationship with God. Second, the jubilee's design helps the poorest individuals in society the most because the land

would fully be returned. Lastly, the jubilee holds society accountable for how it helps the poor and was an effective way to provide the poor a way to provide for themselves.¹⁶

When the Israelites took possession of the promised land, they were to divide the land to the clans and households within the tribes according to their size, which corresponded to their need. The distributional structure shows the creation principle of equitable access to the earth's resources (Wright 2004). The land was a gift from God, part of His promise of redemption and covenant. The land also showed Israel's faithfulness to the covenant. A faithful people would trust in God to provide during sabbatical days, sabbatical years, and the year of jubilee.

The principle of the jubilee was to safeguard the poor against permanent economic displacement. For whatever reason, an individual may lose their land. Not having access to the land meant greater likelihood of poverty, threatened an individual's (or family's) standing within the covenant people, and threatened a person's relationship with God (Wright 2004). Due to the severe consequences of losing one's land, the loss of land was only ever meant to be temporary, thus the restoration of the land during the jubilee. The jubilee was a chance for one to take control of their economic responsibility to provide for themselves through their own work and fully restore their covenantal relationship with God.

Strictly applying the jubilee today would be unwise for three reasons. First, Israel was a theocracy, whereas most governments today are secular. Israel could apply religious commands directly while most modern governments cannot. Second, the jubilee was a restoration of land, which was important in an agricultural society. If a person did not own land, they had difficulty providing for themselves. This is not true in the modern economic system. Lastly, the jubilee was part of the specific covenant between God and the Israelites, a covenant that Jesus fulfilled.

¹⁶ The jubilee was only one part of how the Israelites should help the poor. The Law provides numerous other ways society should help the poor, creating a welfare system that gave responsibility to the giver and receiver alike.

Christians today do not have the same relationship with the land the way the Israelites had as land is not part of the new covenant.

However, the purpose of Israel was to show God's plan of redemption to the rest of the world and "the structures and objectives of Old Testament Israel's economic system" show "God's thinking as to how human economic life in general on the planet should be conducted" (Wright 2005, pg. 156). Therefore, there are two general lessons a Christian can take from the jubilee and apply to development aid. First, any development aid in the form of loans should not be unnecessarily burdensome to the recipient country. The loans should be for the betterment of the recipient, not the lender, just as the jubilee was for the interest of the impoverished, not the wealthy. The loans should be restorative, not punitive. There should be an expectation of loan forgiveness over time, even if the loan is not fully paid by the maturity date. Second, since the point of the jubilee was self-sufficiency, it would be unreasonable to expect donors to provide loans indefinitely. The recipient has the responsibility to better themselves. The jubilee did not occur every year and given the life expectancy of the people during the Old Testament, a person would likely only see a jubilee once in their lifetime. Sunset clauses for aid is consistent with generosity and responsibility.

Here are three possible applications for how policymakers can implement the two general lessons from the jubilee. First, interest rates on foreign aid loans should be low, though not necessarily zero. A good example of loans that are not burdensome are the IMF loans through the Poverty Reduction and Growth Trust (PRGT) program.¹⁷ The IMF targets these loans toward low-income countries and either sets the interest rates at zero (mainly for loans after natural

¹⁷ The PRGT consists of three types of loans, each designed for different needs. The Extended Credit Facility (ECF) is a longer-term loan designed to improve sustained balance of payment problems. The Standby Credit Facility (SCF) is a short-term loan for short-term balance of payment problems caused by external shocks. The Rapid Credit Facility (RCF) provides immediate short-term loans for pressing balance of payment problems.

disasters) or under market rates. Second, any loan should also contain a grace period, either where the recipient pays only the interest rate or where the recipient makes no payment at all, after a natural disaster for example. While the Bible does not set a specific timeframe for grace periods, a good example of grace periods are World Bank loans which can have grace periods of up to 10 years for the poorest countries. Third, after a set amount of time, donors should freely forgive loans. Whether this is akin to the HIPC program of the World Bank, where loan forgiveness is tied to specific actions from the borrower, or a more generous program is open to debate.¹⁸ Lastly, there should be periods of time where a country is not eligible for additional loans, outside of a natural disaster. In keeping with the themes of the jubilee, restoration and responsibility, this time should only come after debt forgiveness and should be relatively short. Again, the exact length is debatable.

The exact way donors can apply the jubilee is debatable and since multilateral development organizations typically give the most development loans,¹⁹ this section is more applicable to them than individual countries. However, the jubilee provides guardrails for how donors should behave and bolsters the three pillars of Christian charity.

V. Conclusion

This paper develops a biblical notion of Christian charity and uses it to evaluate development aid practices. Proper Christian charity contains three elements. First, upholding the dignity of all individuals is paramount. Second, any assistance must flow to the truly needy. Lastly, the effectiveness of charity is as important as the intention of the charity. Using this

¹⁸ See Smith et al. (2000) for a discussion on debt forgiveness.

¹⁹ For countries to classify assistance as development assistance, donors must grant assistance at concessional financial terms, meaning if the assistance is in the form of a loan, at least 25 percent must contain a grant element.

framework, the paper argues certain aid practices violate the biblical notion of charity (e.g. aid tying) and provides other recommendations to improve aid distribution (e.g. giving aid to only the poorest countries). The recommendations in the paper are meant to provide a minimum standard that Christians should demand donors (often governments) adhere to when distributing aid and not as what the “optimal” level of aid is. The biblical charity framework also gives researchers a model to analyze other areas within development aid, for example, whether technical assistance is appropriate since the benefits are largely accrued by the donor instead of the recipient.

The goal of the paper is to provide a formal framework Christian economists and laypeople can use to evaluate development aid, rather than the *ad hoc* way many do now. Economists and laypeople alike play role in development aid. Christian economists use their specialized training to craft and evaluate development programs along efficiency norms. Laypeople play a role by being educated citizens who can use the ballot box, petitions, and advocacy to encourage policymakers to make wise decisions regarding aid policy. Both are important within a representative form of government and should act in a responsible manner. Hopefully, this framework helps in achieving this objective.

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