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## Nobel Prize Winner Prof. Deaton's Foreign Aid Criticism

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October 12, 2015, The Royal Swedish Academy of Science decided to award the Nobel Prize in Economics for 2105 to Angus Deaton, professor at Princeton University, USA. The Academy's reason for the award is "for his analysis of consumption, poverty, and welfare." It goes on to say as the following, "To design economic policy that promote welfare and reduce poverty, we must first understand individual consumption choices. More than anyone else, Angus Deaton has enhanced this understanding. By linking detailed individual choices and aggregate outcomes, his research has helped transform the fields of microeconomics, macroeconomics, and development economics." In common with other 2015 Nobel Prize winners in physiology/medicine, literature, and peace, Prof. Deaton's work shed light on vulnerable segment of population and social issues.

Before the Nobel Prize, Prof. Deaton's book published in 2013, *The Great Escape: Health, Wealth, and the Origins of Inequality*, Princeton Univ. Press, drew considerable attention. Prof. Deaton demonstrates how improvement of people's health has transformed our lives during the past 250 years after the industrial revolution, and explores the historical patterns behind the health, wealth, and inequality of nations, and addresses what needs to be done for those who are left behind in the escape from poverty. Interestingly, the focus of the contention was centered around the last chapter on foreign aid. Prof. Deaton's argument is straight forward. In short, foreign aid aggravates poverty because it is provided through governments of developing countries with weak governance and rampant corruption. As far as I know, I have not seen a decisive refutation to that yet. In September 25, 2015, United Nations' General Assembly unanimously adopted the Sustainable Development Goals (SDGs), aiming at ending poverty by 2030, among sixteen others. To achieve the goals, considerable amount of aid funding will be necessary. To bring home that very fact, some interpret that the Royal Swedish Academy of Science pounded SDGs with Prof. Deaton, the heavy-weight.

In Japan, Prof. Deaton's foreign aid criticism neither appeared in mass media nor was taken up by any development aid professionals. In early 2014, when a certain international organization came to Tokyo to promote SDGs, I asked one lecturer why it does not try to refute to Prof.

Deaton. He responded fiercely that arguing directly with a mogul like Prof. Deaton is out of one's mind. I asked the same question to Japanese aid officials. They did not even respond. It is not too exaggerating to say that the success and failure of SDGs may depend on whether aid supporters can constructively engage themselves with argument like Prof. Deaton's, not disregarding it.

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