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REVIEW & OUTLOOK

American Generosity

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When the U.N.'s Jan Egeland called the U.S. "stingy" with foreign aid a couple of years back, he was playing to a stereotype promoted by those who want governments to redistribute global incomes. He was also wrong, and now we have the data to prove it.

The Hudson Institute recently released the 2006 Index of Global Philanthropy, the first comprehensive report on international aid by private institutions and individuals in the U.S. The index shows that millions of Americans give to the world's poor at a rate that is anything but "stingy." Voluntary giving by Americans dwarfs government aid the world over.

The assaults on U.S. generosity derive from a view that government assistance is the only aid that matters. Even on that count, the U.S. is far from miserly. In 2004 Washington provided official development aid of \$19.7 billion, more than runners-up Japan and France put together. Add the benefits of American innovation and military sacrifice and other First World nations are even further behind.

Then there is the charity from the U.S. private sector. In 2004, the latest year for which many numbers are available, Americans -- through schools, religious institutions, companies, foundations and families -- gave at least \$71 billion to the developing world, more than three times what the government gave. The index authors say it is impossible to capture all giving, so if they've erred it's on the low side.


Almost \$10 billion came from private groups, \$4.5 billion from religious organizations and nearly \$5 billion from corporations. But perhaps the most impressive private giving, and arguably the most efficient, is in the category of individual remittances, which the index puts at \$47 billion in 2004. According to the authors, "The massive amounts of money sent home by immigrants and temporary workers -- involving little or no overhead and filling people's basic needs directly -- is changing the landscape of development and donor agencies."

These dollars bypass bureaucrats to serve development. Which makes it odd that the Organization for Economic Cooperation and Development doesn't count it in its annual Development Assistance Committee Report, which lists financial flows to the developing world.

Official aid promoters will respond to this good news about private giving with their standard complaint that American foreign aid is still too low as a fraction of GDP. If development depended on government transfer payments, no number would ever be high enough. That's why we are heartened to hear that next year the index hopes to expand by measuring the effectiveness of private aid.

Hudson's Carol Adelman says the index has been well received. "Many of the private organizations are stunned because they have heard for so long that America is stingy. They knew that American giving was large and important but they had no idea it was so big." That's OK, neither did the U.N.

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