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Reconciled Liberalism as a Mechanism for Foreign Aid Evaluation

A thesis submitted in partial fulfillment of the requirement
for the degree of Bachelor of Arts in Government from
The College of William and Mary

by

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1. Introduction

Within the past few decades, there has been a significant surge in the quantity and scope of foreign aid distributions by non-governmental organizations. These organizations operate in developing countries across the globe, and seek to provide support through a variety of novel methods. A few of these methods include micro-finance organizations like KIVA,¹ one-for-one exchanges like TOMS shoes,² or micro-consignment organizations like CE Solutions.³ While the technical details of these specific initiatives differ, all represent a strong push in recent years to pursue innovative alternatives to traditional aid activities. This proliferation in the quantity of aid organizations has been accompanied by an equally impressive drive for new, better and more efficient measures of aid effectiveness and efficiency. This effort has included academia, government and nonprofits themselves. A few promising new efforts in foreign aid evaluation include initiatives such as AidData,⁴ which seeks to make information and evidence related to development finance more accessible and actionable, and GiveWell,⁵ a rating agency that evaluates the aid impact per aid dollar spent of various nonprofits. These organizations, and others, have provided incredibly beneficial results within the landscape of foreign aid evaluation; yet, political theory has remained largely overlooked as a useful mechanism by which to evaluate foreign aid provision.

While philosophical or ideological commitment is not the only factor that leads people to take action in the social arena, it often plays a crucial role in the decision-making process. Whether in political campaigns, institutions of higher education or institutions of religious association, philosophy forms a core tenant by which individuals analyze, evaluate, and

¹ Kiva, <<http://kiva.org>>.

² TOMS Shoes, <<http://toms.com>>.

³ CE Solutions, <<http://www.cesolutions.org>>.

⁴ Aid Data, <<http://aiddata.org>>.

⁵ Give Well, <<http://givewell.org>>.

ultimately exert preferences in personal decisions. Ideological orientation, moreover, may have an impact both on a conscious, intentional level and a more subconscious level. In choosing organizations to support, individuals naturally gravitate towards those that share their philosophy, or set of views that dictate the preferences the individual utilizes in an effort to better interact with the world in which he or she lives. It is surprising that political theory and philosophical justifications remain an untapped form of evaluation within the realm of non-governmental organizations and foreign aid provision. Many non-governmental organizations (NGOs) incorporate philosophy within their missions and values, using phrases such as “community empowerment,” “ensuring the rights,” and “promoting economic growth.” In choosing an NGO to which to contribute, individuals seek out those with missions and values that match their own, selecting organizations they believe will accomplish developmental goals through methods they perceive as most beneficial and most likely to be successful. For this reason, it is important to augment the evaluations that have been introduced over the past few years with a methodology that evaluates aid organizations against the theoretical underpinnings they utilize as justification.

One of the most widely referenced theories within political science is liberalism. Often associated with the writings of John Locke, John Stuart Mill and other enlightenment thinkers, liberalism emphasizes upholding the role of individual actors in order to further the inherent preferences of both individuals and society as a whole. As a theory, liberalism has played an instrumental role in the development of many of the institutions and aspects of society that are now taken for granted. From the United States Constitution to the system of international trade, liberal theory has experienced unparalleled influence within the global community. Due largely to its significance and broad recognition, liberalism provides a strong example of a political

theory that can be augmented with empirical evidence in order to provide a mechanism by which to determine whether various methods of foreign aid provision align with their theoretical justifications.

There are three separate points of view intrinsic to liberal political theory, all of which are included in the works of John Stuart Mill and John Locke. These points of view include libertarianism, liberal substantive ends and reconciled libertarian paternalism. Libertarianism is the aspect of the liberalism that emphasizes the portions of John Locke and John Stuart Mill that view individualism and individual freedom of choice as the single most important product of any society. Liberal substantive ends emphasizes the portions of John Locke and John Stuart Mill that highlight provision of core ends, property rights in Locke or utility maximization in Mill, as the most important aspect of liberal society. These two diverging points of view can be reconciled within a theory of libertarian paternalism. Developed by Richard Thaler and Cass Sunstein, libertarian paternalism maintains that all aspects of Mill and Locke can be brought together within a theory that expands freedom of choice in the short term while concurrently orienting individuals toward their expressed preference outcomes, in turn expanding opportunities for future choice. Individual preference for different aspects of liberal theory will directly influence the types of justifications they hope to find for different methods of foreign aid provision.

Various methods of foreign aid provision coincide with the three aforementioned interpretations of liberal political theory. Three examples of these methods include the unconditional cash transfer method, the conditional cash transfer method, and the direct aid provision method. Justifications for the unconditional cash transfer method align closely with a libertarian view of liberal theory, sharing emphasis on individual autonomy and freedom of

choice. Justifications for the direct aid provision method align closely with the liberal substantive ends view of liberal theory, sharing emphasis on securing the ultimate ends that represent the presence of a successful society. Lastly, justifications for the unconditional cash transfer method align closely with the reconciled libertarian view of liberal theory, sharing emphasis on expanding freedom of choice while concurrently establishing investments in substantive ends that will improve freedom of choice and reinforce ends provision in the long run.

In order to determine whether supporting any of these different methods of aid provision will lead to the outcomes expressed within each perspective of liberal political theory, three representative aid organizations will be established. GiveDirectly will be used as a representative of unconditional cash transfers, aligning its goals with those expressed within a libertarian perspective of liberalism. GiveDirectly sends direct cash payments to recipient's mobile phones in Kenya, aiming to empower individuals through expansion of market participation and coinciding choice opportunities. If GiveDirectly is successful in producing the results sought within its libertarian justification, evidence will reinforce the existence of an expansion of market participation and freedom of choice. The Millennium Villages Project will be used as a representative of direct aid provision, aligning its goals with those expressed within a liberal substantive ends perspective of liberalism. The Millennium Villages Project provides the substantive ends necessary for community development, supplying a targeted intervention that seeks to remove barriers to growth through reforms in education, health, agriculture, infrastructure, gender equality and business development. If the Millennium Villages Project is successful in producing the results sought within its liberal substantive ends justification, evidence will reinforce strides in educational attainment, levels of health, and economic expansion. Oportunidades will be used as a representative of conditional cash transfers, aligning

its goals with those expressed within a reconciled libertarian paternalist perspective of liberalism. Oportunidades provides cash payments to rural Mexicans who commit to specific thresholds of investment in education and health activities, expanding market participation in the short-term while orienting individuals toward their own future preferences. If Oportunidades is successful in producing the results found within its libertarian paternalist justification, evidence will indicate greater market participation and freedom of choice while also highlighting improvements in education, health and economic expansion. While it is important to evaluate each of these methods in light of their own theoretical justifications, it is also valuable to determine which method most closely aligns with a complete reading of liberalism. After each method is evaluated in accordance to the theory it aligns with, each will be evaluated in light of reconciled libertarian paternalism to determine which among the options can be considered the most liberal form of aid provision.

The argument of this thesis is that it is necessary to expand the scope of current evaluations of foreign aid provision to include an examination of empirical indicators of political theory justifications, providing an additional standard by which individual donors can determine the most beneficial use of their aid dollars. Accepting liberalism as an important political theory, exploration of three distinct liberal interpretations can be explored: libertarianism, liberal substantive ends and reconciled libertarian paternalism. Each of these interpretations aligns with a method of foreign aid provision and a corresponding aid provision organization. The GiveDirectly unconditional cash transfer program, Oportunidades conditional cash transfer program and Millennium Villages Project direct provision program will be evaluated in order to determine if they are successful in producing results congruent with their own theoretical justifications. Finally, each will be evaluated based on a holistic interpretation of liberalism,

reconciled libertarian paternalism, in order to determine which program most effectively achieves the goals of liberal political theory. This organization will receive evidence to reinforce support among donors who believe contributing to the organization's efforts furthers liberal goals in global development.

2. Literature & Landscape Review

During the past decade, there has been growth in the quantity, quality and scope of evaluation of foreign aid provision. Despite this growth, no effort has attempted to augment existing empirical evidence in order to determine whether non-profits successfully deliver the results they promise in the theoretical justifications upon which they stand, representing a large hole in existing literature. While it is useful to measure aid outcomes based on these empirical indicators, not all aid programs have the same goals and ambitions. In formulating different goals, organizations tap into different theoretical justifications that support these goals. In order to effectively determine whether an organization is successful or unsuccessful at providing aid to communities, these organizations should be evaluated in accordance to the goals they set forth for themselves. By augmenting empirical evidence to align with the goals expressed within differing theories used in justification, it is possible to provide an evaluation of aid organizations based on the goals they set for themselves.

A tangible example of the form of evaluation this thesis seeks to apply to foreign aid can be found in evaluating the success or failure of a college career. Entering college, each incoming freshman brings a unique set of goals. Some students may hope to broaden their scholastic horizons, attain a high GPA, gain acceptance to medical school, earn a high income immediately after graduation or become captain of the university soccer team. In setting different goals for their respective college careers, each individual will have a different conception of what measures will determine whether that career can be considered a success. For a student who seeks to become captain of the university soccer team, GPA can serve as an indicator of classroom attainment, but will have no impact on whether or not that student claims a successful college career. While a good GPA may be considered indicative of a successful college career

for some students, it is not necessarily an indicator of a successful college career for all students. By the same token, certain indicators, such as economic or individual outcomes, can serve as criteria of success for nonprofits in which these outcomes are included within the organization's goals. For a nonprofit that has goals beyond the scope of these indicators, even achieving success in these measures would not constitute program success. Moving forward, this thesis will seek to use political theory to determine the theoretical justifications, and corresponding goals, of individual nonprofits. From this, it will be possible to augment evaluation indicators with theory to judge the success or failure of nonprofits based on their own goals and ambitions.

In order to understand what empirical evidence exists, and how that evidence will be utilized in order to form an evaluation mechanism that aligns with political theory, this literature and landscape review will provide a brief overview of studies related to economic outcomes and outcomes of individual actors. The economic outcomes will focus mainly on indicators related to consumption, multiplier effects and market implications. The outcomes of individuals will focus mainly on indicators related to personal development goals, including education and health. These studies will orient themselves in accordance to the methods of aid provision to be discussed later; specifically, cash transfer programs and programs that provide aid directly to the poor. Within these variables are the best measures of successful aid programs and should depend, at least in part, on the philosophical orientation of the program's advocates. Following this overview, later sections will build on the existing empirical studies in order to determine how successfully aid provision methods uphold their theoretical justifications in the results they produce.

Economic Outcomes

Economic outcomes provide strong indicators of the success of foreign aid provision, illuminating the benefits and costs to village-level markets, economies, and individual monetary behavior. Three key indicators of economic outcomes include variables related to consumption, multiplier effects and market implications.

Consumption: Studies have sought to analyze how individual recipients of aid dollars through cash transfer programs spend their transfer, with special considerations for whether this money is used to purchase goods for consumption or is saved and invested. A study of the Progresa (Oportunidades) cash transfer program in rural Mexico found the average marginal propensity to consume to be 0.88, meaning 88 percent of transfer payments went towards immediate consumption and the remaining 12 percent towards investment.⁶ Similar results can be observed in China, with incomes in the project group growing at a rate of 17 – 21 percent of initial mean income, with 50 percent of the cumulative income gain saved.⁷ Survey data also supports the use of cash transfers toward investments in agriculture, with 70 percent of PROCAMPO recipients using some funds to purchase inputs, 44 percent indicating an increase in input purchases and 17 percent purchasing farming inputs for the first time.⁸ While cash transfer payments increase consumption, it seems recipients also utilize some of these funds to invest in future productivity. In terms of food aid, or an example of aid provided directly to recipients by means of goods or services, Y. Hossein Farzin⁹ finds a dramatic increase in food import dependency in Somalia from 1970 until 1984 as a consequence of food aid, noting a dependence of 17.4 percent from 1970-74, 41.8 percent from 1975-80, up to 57.9 percent from

⁶ Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, “Investing Cash Transfers to Raise Long-Term Living Standards,” *World Bank* (2006), p. 27.

⁷ Martin Ravallion and Shaohua Chen, “Hidden impact? Household saving in response to a poor-area development project,” *Journal of Public Economics* 89 (2005), p. 2196-7.

⁸ Elisabeth Sadoulet, Alain de Janvry, and Benjamin Davis, “Cash Transfer Programs with Income Multipliers: PROCAMPO in Mexico,” *World Development* 29, no. 6 (2001), p. 21.

⁹ Y. Hossein Farzin, “Food Aid: Positive or Negative Economic Effects in Somalia?” *The Journal of Developing Areas*, Vol 25, No. 2 (January 1991), pp. 261 – 282.

1980-84.¹⁰ Further, food aid grew by 31 percent per year during this time period, while consumption only grew by 8.2 percent annually.¹¹ Food aid drives consumption of food, but may also increase dependence.

Multiplier Effects: In attempting to determine multiplier effects, evaluation can evaluate whether aid provision creates a ripple within local communities, driving broader economic development. A study of communities receiving cash transfers through the PROCAMPO program in Mexico produced an income multiplier of between 1.5 – 2.6.¹² Income multipliers were felt most strongly by individuals with medium sized farms, 2.77, followed by large farmers, 2.04, and then small farms, 0.24.¹³ A study of Northern Uganda also finds multiplier effects strongest for mid-scale farmers and local traders. Medium scale farmers typically sold 20 – 50 percent more livestock at 10 – 30 percent higher prices, receiving approximately 50 percent of initial cash transfers.¹⁴ The existence of this high degree of income multiplication is partly explained by a study in Nepal that found, of all cash transfer payments, only 1.1 percent were spent on purchases outside of the recipient's district, while 14 percent were spent within the same village.¹⁵ In the case of cash transfer programs, recipients spend money in local markets, creating strong income multipliers throughout the village and especially for mid-scale farmers and traders.

Individual Monetary Behavior: Studies of wages, purchasing power and other individual monetary indicators further highlight the economic impacts of foreign aid provision. A study of markets influenced by cash transfers in Northern Uganda found evidence of flash inflation, with

¹⁰ Y. Hossein Farzin, "Food Aid: Positive or Negative Economic Effects in Somalia?" p. 264.

¹¹ Y. Hossein Farzin, "Food Aid: Positive or Negative Economic Effects in Somalia?" p. 264.

¹² Elisabeth Sadoulet, Alain de Janvry, and Benjamin Davis, "Cash Transfer Programs with Income Multipliers: PROCAMPO in Mexico," *World Development* 29, no. 6 (2001), p. 18.

¹³ Elisabeth Sadoulet, Alain de Janvry, and Benjamin Davis, "Cash Transfer Programs with Income Multipliers: PROCAMPO in Mexico," *World Development* 29, no. 6 (2001), p. 34.

¹⁴ Pantaleo Creti, "The Impact of Cash Transfers on Local Markets," *CALP* (April 2010), p. 17.

¹⁵ Pantaleo Creti, "The Impact of Cash Transfers on Local Markets," *CALP* (April 2010), p. 18.

livestock prices temporarily 10 to 30 percent higher than expected. This can be attributed to the failures of unstructured markets, specifically inelasticity of supply.¹⁶ The study found this inflation to be temporary, with prices eventually returning to pre-transfer levels. Hoddinot and Skoufias, studying the Oportunidades program in Mexico, find a lack of evidence of wage inflation as result of the cash transfer program, with participants in the treatment village earning no higher wages than individuals in a control community.¹⁷ Studies suggest an infusion of cash by way of a cash transfer aid provision does cause temporary inflation as a consequence of market failure, but this inflation is not systemic and does not increase wages in the long-term.

Outcomes of Individuals

Studies of outcomes of individuals within the context of foreign aid provision center on the success of aid programs in promoting personal development goals, including education, health and fertility.

Education: Studies of education often focus on attendance and attainment in schools, with many nonprofits seeking to improve education in order to further local human capital development. The Bolsa Escola program in Brazil utilized conditional cash transfer payments to reduce the proportion of dropouts 60 percent, increasing the rate of school enrollment among the poor by 5.2 percent.¹⁸ Other results from conditional cash transfer programs show a program in Nicaragua posted average enrollment rate increases nearly 22 percent higher in areas treated with conditional cash transfers, and in Colombia secondary school enrollment increased 5.5 percent in

¹⁶ Pantaleo Creti, "The Impact of Cash Transfers on Local Markets," *CALP* (April 2010), p. 12-13.

¹⁷ Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, "Investing Cash Transfers to Raise Long-Term Living Standards," *World Bank* (2006), p. 23.

¹⁸ Francois Bourguignon, Francisco Ferreira and Phillippe Leite, "Conditional Cash Transfers, Schooling, and Child Labor: Micro-Simulating Brazil's Bolsa Escola Program," *The World Bank Economic Review* 17, no. 2 (2003), p. 247.

rural regions and 14 percent in urban regions as a result of the FA program.¹⁹ A study of unconditional cash transfers to mothers in KwaZulu-Natal, South Africa found an 8.1 percent increase in school enrollment among six year olds and a 1.8 percent increase among seven year olds.²⁰ In terms of educational attainment, a study of the SESSP Scholarship Program in Cambodia found that providing tuition payments increased school enrollment by 25 percentage points, but had no impact on mathematics and vocabulary test scores when compared to a control group.²¹ According to a study in Malawi, no gains can be observed between the unconditional cash transfer community and control community on tests measuring cognitive ability, mathematics and English reading comprehension.²² Evidence suggests variants of cash transfer programs produce educational enrollment benefits, but no benefits when it comes to educational attainment.

Health: Community health and wellness is often a goal of nonprofits, as improvements in health lead to better lives, more productive lives, and reduced suffering. Nicaragua's RPS cash transfer program had positive gains in immunizations, increasing the likelihood of immunizations for individuals aged 12 to 23 by 18 percent over control communities. In Colombia, the FA cash transfer program reduced the incidence of diarrhea in children under six in urban areas by 10 percentage points, although no changes were noted in rural areas.²³ When compared to a control community, a female in an unconditional cash transfer community in Malawi was 27 percent less likely to have ever been pregnant and 44 percent less likely to have

¹⁹ Laura Rawlings and Gloria Rubio, "Evaluating the Impact of Conditional Cash Transfer Programs," *The World Bank Research Observer* 20, no. 1 (2005), p. 45.

²⁰ Anne Case, Victoria Hosegood and Frances Lund, "The reach and impact of Child Support Grants: evidence from KwaZulu-Natal," *Development Southern Africa* 22, no. 4 (2005), p. 479.

²¹ Deon Filmer and Norbert Schady, "School Enrollment, Selection, and Test Scores," *World Bank Policy Research Working Paper 4998* (2009), p. 3.

²² Sarah Baird, Craig McIntosh and Berk Özler, "Cash or Condition?: Evidence from a Cash Transfer Experiment," *The Quarterly Journal of Economics* 126 (2011), p. 1713.

²³ Laura Rawlings and Gloria Rubio, "Evaluating the Impact of Conditional Cash Transfer Programs," *The World Bank Research Observer* 20, no. 1 (2005), p. 48.

ever been married.²⁴ A study of the South African Child Support Grant, an unconditional cash transfer, found significant gains in improving the nutrition of children.²⁵ A study of direct provision of bed nets in Kenya finds 65 percent of prenatal women given a bed net use the net. This compares to only 15 percent usage when the net must be purchased for 40 Ksh, indicating this effort represents a strong improvement in activities related to Malaria prevention.²⁶ Both cash transfer and direct provision aid methods seem to make strong improvements to community health indicators.

Conclusion

A strong body of empirical evidence exists surrounding the success of foreign aid provision in achieving results related to economic outcomes and outcomes for individuals. Despite this wide scope of empirical evaluation, no attempts have been made to augment empirical indicators to the results aid organizations should achieve if they uphold the goals of the theoretical justifications they utilize. The remainder of this paper will attempt to fill in this gap in the existing literature by developing consistent definitions of theoretical justifications commonly utilized by organizations. It will then develop variables consistent with the goals of these theoretical justifications and augment these variables with existing empirical evidence in order to determine the relative success of organizations in matching the goals set forth within their own theoretical underpinnings.

²⁴ Sarah Baird, Craig McIntosh and Berk Özler, “Cash or Condition?: Evidence from a Cash Transfer Experiment,” *The Quarterly Journal of Economics* 126 (2011), p. 1713.

²⁵ Jorge Agüero, Michael Carter and Ingrid Woolard, “The Impact of Unconditional Cash Transfers on Nutrition: The South African Child Support Grant,” (Cape Town: SALDRU, University of Cape Town, 2006).

²⁶ Jessica Cohen and Pascaline Dupas, “Free Distribution or Cost-Sharing? Evidence From a Randomized Malaria Prevention Experiment,” *The Quarterly Journal of Economics*, Vol. 125, No. 1, p. 30. <<http://qje.oxfordjournals.org/content/125/1/1.short>>.

3. Theory – Libertarianism

3.1 Introduction

Within this section, the liberal theories of John Locke and John Stuart Mill will be examined and evaluated for their libertarian underpinnings. Libertarianism in this context is defined as the side of the liberal tradition that emphasizes the value of individual freedom of choice as an end in itself. John Locke will be interpreted in order to highlight his strong preference for the individual, contributing to a libertarian political theory. John Stuart Mill will be interpreted in order to highlight his emphasis on the individual and the importance of upholding individual choice, contributing to a libertarian political theory. Utilizing the perspectives of both authors, a consistent political theory of libertarianism will be developed. This consistent perspective will be used throughout the remainder of the paper as the standard definition of libertarianism within liberal political theory. A classification of charity that adheres to libertarian principles, libertarian charity, will then be developed and explained. Utilizing the entirety of the theoretical framework established within this section, unconditional cash transfer aid provisions will then be taken under consideration. The goals of unconditional cash transfers will be proven to strongly adhere to the core principles of libertarianism, and will be established as a method of aid provision representative of libertarian political theory. In accepting unconditional cash transfer aid provision as an adherent to libertarianism, forthcoming sections will be able to evaluate specific programs under the unconditional cash transfer umbrella for success in obtaining results congruent to the goals of libertarian theory.

The concept of individualism and individual freedom is a consistent tenant throughout liberal political theory. It provides the basis upon which all theoretical justifications for liberal society are centered, including those proposed by two of the most prominent liberal theorists,

John Locke and John Stuart Mill. John Locke, in *Second Treatise of Civil Government*,²⁷ develops a society in which all individuals exist in a state of nature, with the existence of equal individuals operating in tandem with a civil government and moral code that seeks to only inhibit the action of an individual in order to prevent a coinciding reduction in the freedom of others. John Stuart Mill, in *On Liberty*,²⁸ argues it is morally reprehensible to silence any opinion or action, even one that is incorrect, except in order to protect the freedom of others. Individuality and individual freedom are crucial aspects of the writings of John Locke and John Stuart Mill, leading to an interpretation of liberalism defined as libertarian theory.

Using libertarianism as a justification, it is possible to develop a concept of libertarian charity that seeks to provide aid in a manner that maximizes the individual freedom experienced by the individual aid recipients. Unconditional cash transfers are one method of aid provision that shares goals and justifications with libertarian charity. These shared justifications emphasize empowerment of individuals and expansion of freedom to choice as the most important results of aid intervention. In providing cash payments directly to individuals, absent of any conditionality, unconditional cash transfers maximize the individuality and individual freedom experienced by aid recipients in developing communities. Therefore, emphasizing the portions of John Stuart Mill and John Locke that uphold individual freedom as the basis for a morally just liberal society leads to a preference for libertarian charity and the unconditional cash transfer mode of aid provision.

²⁷ John Locke, *The Second Treatise of Civil Government and A Letter Concerning Toleration*, ed. J.W. Gough (Oxford: Basil Blackwell, 1948).

²⁸ John Stuart Mill, *On Liberty and Representative Government*, ed. R.B. McCallum (Oxford: Basil Blackwell, 1948).

3.2 John Locke & Libertarianism

John Locke developed his theory of civil government in response to the Revolution of 1688 in England as an attempt to describe the natural rights and individual freedom that must be inherent to a liberal society and preserved by any form of government.²⁹ This emphasis leads Locke to propose a theoretical justification for liberal individualism, henceforth libertarianism, based on the provision and insurance of individual rights. Within this section, Locke's argument for individual rights will be examined by establishing his state of nature, leading to the development of the concept of freedom of action within that state, the establishment of a government to protect individual freedom, and the moral thresholds of individual freedom of action. In putting forth this progression, it will be established that a key tenant of Locke's theory of liberal society focuses on the individual, giving rise to libertarian political theory.

In attempting to explain civil society, John Locke first establishes a state of nature under God. Within this state, all men are "born to all the same advantages of nature" and remain "equal one amongst another without subordination or subjection."³⁰ In being created by the labor of God, all individuals are His property, and are to be the servants of the one sovereign master who has exerted labor over all creation.³¹ All men are inherently equal to pursue their desired outcome within the state of nature, and do so free from the influence of any other man, as any man is no more or less property of God than any other. In giving the world to man,³² however, God has given each man "property in his own person."³³ In granting man property unto himself,

²⁹ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, ed. J.W. Gogh (Oxford: Basil Blackwell, 1948), p. vii.

³⁰ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 4.

³¹ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 6.

³² John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 25.

³³ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 27.

equal under Him, God has ensured a state in which all are free and equal in opportunity and existence.

In order to ensure self-preservation, “the state of nature has a law of nature to govern it, which obliges everyone.” These laws of nature uphold that “no one ought to harm another in his life, health, liberty or possessions.”³⁴ To ensure that the state of nature is maintained, the law of nature is established to guarantee individuals remain entitled to certain humanly endowments from God; namely, life, health, liberty and possessions. Locke goes on to establish the individual as the most basic unit of preservation of the endowments of life, health, liberty and possession. For, “in the state of nature every man has the executive power of the law of nature.”³⁵ In order for the laws of nature to change with the progress of human inventions, such as laws of money, men must consent to all consequences inherent therein. Locke writes, “the consent of men have agreed to a disproportionate and unequal possession of the earth; they having, by a tacit and voluntary consent, found out a way how a man may fairly possess more land than he himself can use the product of.”³⁶ In consenting to adaptations of the intrinsic laws of nature, individual men have created new laws to govern the behavior to all those who actively consent to such changes. Yet, “man, being born, as has been proved, with a title to perfect freedom [...] hath by nature a power not only to preserve his property [...] against the injuries and attempts of other men, but to judge of and punish the breaches of that law in others.”³⁷ In remaining free under God, each individual has secured the right to serve as an autonomous executive within the law that relates to him and his property.

³⁴ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 6.

³⁵ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 13.

³⁶ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 50.

³⁷ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 87.

Due to the inherent disorder that is likely to arise from a society of autonomous executives, individuals can consent so “the community comes to be umpire.”³⁸ This umpire takes the form of government, in which “civil government is the proper remedy for the inconveniences of the state of nature.” Through universal consent, individuals can allow for a civil government to uphold the personal endowments of all individuals within society. In overseeing civil government, and entrusting it to represent the will of the individual actors within the community as a whole, “it is necessary the body should move that way whither the great force carries it, which is the consent of the majority.”³⁹ Locke establishes a state of nature, giving rise to law of nature to uphold endowments of equal individuals within the state of nature, and a consent to civil government to coordinate the insurance of these endowments. Lastly majority rule is developed as the most efficient mechanism by which the desires and freedoms of individual actors may be upheld.

Out of Locke’s argument for state and law of nature comes a strong interpretation of the individual, and the freedom to act inherent to existence within a liberal society. Locke writes, “liberty to follow my own will in all things, where that rule prescribes not; and not to be subject to the inconstant, uncertain, unknown, arbitrary will of another man: as freedom of nature is to be under no other restraint but the law of nature.”⁴⁰ All possible human actions that fall beyond the scope of the law of nature must remain unabridged by society or civil government. Under these pretenses, so long as an individual action does not threaten the life, liberty, health and possessions of another individual within society, that individual action shall remain uninfluenced by society as a whole. For Locke, individual freedom of choice is an intrinsic aspect of the state of nature, and extends to the point that such choice infringes on the endowments granted to other

³⁸ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 87.

³⁹ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 95.

⁴⁰ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 22.

individuals within the state of nature. Further, an individual cannot, even willingly, grant his intrinsic freedom of choice to another. Locke writes, “nobody can give more power than he has himself; and he that cannot take away his own life, cannot give another power over it.”⁴¹ The only circumstance in which freedom can be transferred is one in which, in violating the laws of nature, an individual has given up his right to life, and thus his autonomy over it. In all other circumstances freedom to act must be maintained, upheld and encouraged, as it forms the backbone of liberal society and is essential to ensuring the endowments of the state of nature.

Locke emphasizes there are intrinsic boundaries to the freedom to act, adding a moral component to the laws of nature. In doing so, Locke concurrently illustrates the immense scope of choices falling within individual freedom of action. Locke emphasizes that his state “be a state of liberty, yet it is not a state of licence (sic),”⁴² Within this assertion, Locke draws a moral line by which freedom of action may be limited within society. By choosing to endow his state with liberty, as opposed to license, Locke ensures the freedom to act is considered a universal privilege that may be revoked in light of a immoral behavior, not an unchecked right that would lead to chaos and debauchery. Laws of nature do not provide absolute freedom to act, but guaranteed freedom to act up until the point an action compromises the integrity and longevity of the system as a whole. This moral line ensures “that all men may be restrained from invading others’ rights, and from doing hurt to one another, and the law of nature be observed.”⁴³ The scope of individual freedom of action extends so far as any specific choice by one individual does not infringe on the equally endowed ability of any other individual to make a preferable choice. Essentially, the rights of any given individual extend only so far as the rights of another individual begins. In establishing this moral line, Locke emphasizes all action below this

⁴¹ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 23.

⁴² John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 6.

⁴³ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 7.

threshold should remain unrestrained and unquestioned, giving rise to absolute individual freedom of choice and action up to the point such freedom inhibits another in his own equal pursuit.

Within John Locke's theory of liberal society is a strong tenant of individualism that gives rise to libertarian political theory. Locke first establishes a state of nature, or existence in which all men are equal and endowed with equal opportunity. After establishing the state of nature, Locke develops laws of nature to govern individual action with regards to life, liberty, health and property. Individuals consent to civil government to enforce and uphold individualism. From the state and laws of nature arises a strong argument for freedom of individual action. This freedom to act extends only to the moral boundary at which pursuit of an individual action infringes on the endowed freedom of others. Acting in accordance to the writings of John Locke, it is of utmost importance to uphold individualism, and libertarian political theory, as the key to pursuit of liberal society.

3.3 John Stuart Mill & Libertarianism

In *On Liberty*, John Stuart Mill develops a theory of liberal political theory that can be interpreted as a justification for libertarianism. Mill's theory of libertarianism places emphasis on the pursuit and insurance of individual freedom as inherently possessing utility. This strong emphasis leads to a view that Mill suggests provision of individual freedom is a positive end in itself. Individual freedom serves as the strongest method by which to expand the greatest degree of happiness to the greatest number of individuals. At the core of Mill's libertarian theory is the preservation of individuality and individual freedom as being of the utmost moral importance. Mill makes a strong case for freedom of thought and expression, arguing that inherent dangers exist in any attempt by any actor to suppress the thoughts or expressions of another. Mill writes,

If all mankind minus one, were of one opinion, and only one person were of the contrary opinion, mankind would be no more justified in silencing that one person, than he, if he had the power, would be justified in silencing mankind.⁴⁴

Even if all of mankind agrees upon something as being true, any attempt to silence, discredit, or prevent an opposing position from realization is unethical by libertarian standards. For example, if almost all of mankind agrees pursuit of education is a worthwhile investment, mankind is not justified in preventing a child from skipping school to work as the potential opinion that work is more important than school must be honored and allowed to flourish. Mill elaborates, it is the duty of all actors to “never impose [opinions] upon others unless they are quite sure of being right,”⁴⁵ and even in those circumstances, all opinions should be afforded the opportunity to be presented in an unrestrained manner. To return to the prior example, even if evidence supports the theory that education is a more beneficial investment than work, mankind is not justified in silencing or altering the opinion that work is more beneficial than education. Because individuals hold the opinion that work is more beneficial than education, they should be granted the freedom to pursue this goal free from coercion or manipulation. This pillar acts to prevent any mandated, coerced, or other convoluted stances designed to curb an individual’s freedom of choice.

For this reason, Mill believes that, “men should be free to act upon their opinions –to carry these out in their lives, without hindrance, either physical or moral, from their fellow-men, so long as it is at their own risk and peril.”⁴⁶ So long as holding an opinion imposes no harm on others, impacting only the trajectory of well being for the individual holding the opinion, individuals have a right to carry out the held opinion. Mill names this aspect of his theory the “Harm Principle.” In accordance with the Harm Principle, individual freedom extends to the

⁴⁴ John Stuart Mill, *On Liberty and Representative Government*, ed. R.B. McCallum (Oxford: Basil Blackwell, 1948), p. 14.

⁴⁵ John Stuart Mill, *On Liberty and Representative Government*, p. 16.

⁴⁶ John Stuart Mill, *On Liberty and Representative Government*, p. 49.

point that free action by one individual in pursuit of utility begins to infringe on the freedom of another individual to act in pursuit of utility. For example, it may be universally accepted in the scientific community that AIDS is transmitted through sexual intercourse, and that it is possible to prevent its transmission and the consequences of contraction of the virus through proven birth control techniques. According to Mill, libertarian theory ensures contradictory opinions cannot be silenced, making it unethical to prevent any two individuals from disagreeing with the generally accepted opinion. Two individuals acting in line with their own opinion and inciting the possibility of potential harm to themselves is morally defensible so long as the actions and opinions of those individuals does not incite harm on any others of a varying opinion. As soon as that action infringes on the individual freedom of another, harming the ability of another to pursue utility, mankind has an obligation to subdue the initial pursuit. For Mill, freedom of individual action is a moral guarantee so long as that pursuit does not infringe on the rights of others to pursue freedom and utility.

Thus, John Stuart Mill proposes a theory of libertarianism that seeks to uphold individual liberty and freedom of thought and action as a moral guarantee. It is immoral for any individual to suppress, influence or coerce the opinion or action of another. The only justifiable intervention on behalf of suppression of individuality comes if the opinion of an individual directly harms the ability of another to pursue their preferable outcome. So long as an opinion does not harm the ability of others to pursue utility-maximizing behavior, it cannot and should not be suppressed. Mill holds individual freedom as the central aspect of libertarian political theory.

3.4 Consistent Theoretical Perspectives: Libertarianism

The emphasis on individuality and individual freedom within John Stuart Mill and John Locke's respective theories of liberalism form a consistent theory of libertarianism. The

theoretical perspective within libertarianism insists on a strong preference for individuality and individual freedom. This individual freedom is ensured up to the point that action justified by that freedom infringes on the ability of any other individual to act in accordance to his individual freedom. For Locke, this is explained through the creation of a state of nature, with all individuals born into equal circumstances and presented with equal opportunities. In such a state, man is free to act in accordance with his preferable outcome, free from influence, coercion or subjugation of any other man. All individuals are afforded the ability to act free from dependence on the opinions, actions or influence of any other man. Mill furthers this conception of individuality, arguing inherent dangers exist in the attempt by any one man to suppress the thoughts or expressions of another. It is of utmost importance that all opinions, being weighted equally, receive equal opportunity to be presented in an unrestrained manner. This allows individuals to pursue their preferable outcomes free from hindrance, either physical or moral. Thus, Mill and Locke both place a strong emphasis on individual freedom to formulate opinions that align with their preferable outcome and express or act upon those opinions free from any undue influence in an arena of equality.

Despite this emphasis on equality and individual freedom, Mill and Locke both see the need to limit individual thought or expression under some circumstances. These limits are imposed along the margin, where expression or action in accordance to one's individual freedom begins to infringe on the freedom and equality of other humans. John Locke establishes a threshold at a thought or action that harms "another in his life, health, liberty or possessions."⁴⁷ All freedom must be tolerated up to the point that pursuit under one's freedom to act infringes on the ability of another to act in accordance with their guaranteed freedoms. John Stuart Mill establishes a similar threshold for interfering in the freedom of individuals in establishing his

⁴⁷ John Locke, *The Second Treatise of Civil Government and A Letter Concerning Toleration*, Section 6.

“Harm Principle.” In accordance to the Harm Principle, individual freedom exists unrestrained up to the point at which action by one individual infringes on the ability of another to act in accordance with his freedom to pursue utility. As soon as possession or action in accordance with an opinion interferes with any other individual’s pursuit of utility, mankind is justified in silencing or regulating that opinion. Thus, John Stuart Mill and John Locke both establish a threshold for inhibiting freedom at the point at which execution of an individual’s freedom interferes with the freedom of any other individual.

Under a theory of libertarianism, individuality and individual freedom should be the primary moral ends pursued by society. These ends can only be inhibited if the action associated with one individual expressing his freedom subjugates, interferes or harms the ability of another to pursue his preferred outcome. At its core, libertarianism is a liberal theory expressed by John Stuart Mill and John Locke that places strong emphasis on the individual and the importance of upholding individual rights within society.

3.5 Libertarian Charity

The principles found in the libertarianism of John Stuart Mill and John Locke can be used to establish a method of charitable aid provision that focuses on promoting the individuality and individual freedom of aid recipients while ensuring freedom of action and thought is left unconstrained. This method of aid provision will be called “libertarian charity.” Procuring aid in accordance with libertarian charity emphasizes institutionalizing the maximum decision-making capacity of aid recipients. Individual recipients should be endowed with resources and be granted freedom to make socioeconomic decisions in governance of those resources free from manipulation, subjugation or interference. So long as the socioeconomic decisions do not inhibit the freedom of their fellow recipients, individuals should have absolute liberty in determining the

most efficient utilization of these resources to pursue their own long-term developmental goals and objectives. When individuals are free to make decisions, the community as a whole will benefit, and a preferable moral society will arise. According to libertarianism, the method of libertarian charity provides the greatest efficacy in aid provision, while concurrently promoting development in poor communities.

3.6 Theoretical Justifications: Unconditional Cash Transfers

The mission of unconditional cash transfer nonprofits is a strong example of libertarian charity, and is justified through the liberal arguments presented by John Stuart Mill and John Locke in their consistent political theory of libertarianism. Unconditional cash transfer nonprofits provide incremental cash payments to aid recipients in developing communities. These payments are traditionally received monthly, but can also be delivered as a lump sum payment.

Unconditional cash transfers never contain stipulations, conditions or thresholds of action set by the organization that must be fulfilled in order to receive aid, preventing any underlying influence an organization may incite on choice structures. Recipients are free to spend their transfer in any way they see fit, allowing individuals to exert maximum freedom and individuality in making socioeconomic decisions related to personal development. In providing aid absent of requirements, unconditional cash transfers meet the thresholds established by Mill and Locke to govern situations with minimal interference. Therefore, unconditional cash transfers successfully expand freedom of choice and individuality, avoid unduly influencing the choices of others as established by Locke and Mill, and can be justified by as a consistent view of liberal theory under the umbrella of libertarianism and libertarian charity.

One example of an unconditional cash transfer nonprofit is GiveDirectly,⁴⁸ whose program and results will be analyzed to determine effectiveness in a later section. Founded in 2008 by economists earning advanced degrees at Harvard and MIT, GiveDirectly seeks to reduce a large portion of the overhead costs incurred by larger nonprofits, while also empowering residents of poorer communities to make their own economic decisions. GiveDirectly utilizes census data to determine the poorest villages in Kenya, proceeds to isolate those families living in homes of mud, grass or wood, and then distributes cell phones to those who have passed the audit process conducted by volunteers. Once enrolled in the program, recipients receive regular transfer payments to their cell phones that can be exchanged at a local financial institution for cash. Once cash has been claimed, recipients are free to utilize the transfers in any way they deem most appropriate to advance their own economic, social, or political goals. GiveDirectly is consistent with libertarianism and receives strong justifications within the theories of John Stuart Mill and John Locke. In providing aid as cash, GiveDirectly allows individuals to pursue socioeconomic ends in accordance with their own set of opinions of preferable goals and outcomes. This pursuit maximizes individuality and individual freedom, and establishes the core for a morally just liberal society. Additionally, providing cash payments free from stipulation or conditionality, GiveDirectly does not violate, suppress or exert influence over the freedom of others. In doing so, GiveDirectly is congruent with the thresholds to limit action established by Mill and Locke's libertarian theories. GiveDirectly is the most efficient and moral method of aid provision according to John Stuart Mill and John Locke's consistent libertarian political theory.

Libertarianism supports a system of unconditional cash transfers, but also reveals the complications inherent in theory of direct provision of aid distribution, which will be discussed at greater length in forthcoming sections. True libertarianism finds strong contradictions within

⁴⁸ "GiveDirectly," *Give Direct, Inc.*, updated 2013, <<http://www.givedirectly.org>>.

the curbs on individual freedom instituted by direct aid provision. Direct aid provision completely contradicts the perspective of libertarianism in failing to institute any threshold of individual action and participation. Libertarianism not only provides justification of unconditional cash transfers, but also provides ample theoretical evidence to serve as counter-justification for direct aid provision method of foreign aid..

Libertarianism utilizes John Stuart Mill and John Locke to establish a theory of libertarian charity, justifying the unconditional cash transfer method of aid provision. Unconditional cash transfers uphold individual freedom as the single most important moral argument, and avoid any requirements that interfere in the ability of recipients to exert individual freedom of preference. Applying a theory of libertarianism further illuminates the fundamental theoretical complications inherent to the direct aid provision method and conditional cash transfer method of foreign aid. Thus, unconditional cash transfers align best with libertarianism and work to maximize individual freedom while concurrently avoiding any attempt to interfere or harm the decision making of recipients. Interpreting the arguments aligned with a libertarian interpretation of Locke and Mill will lead to support for unconditional cash transfers, and specifically the GiveDirectly program of aid distribution.

3.7 Conclusion

Within this section, both liberal theories of John Locke and John Stuart Mill were interpreted in order to highlight strong theoretical preferences for individualism and individual freedom of choice, contributing to a libertarian political theory. Utilizing the perspectives of both authors, a consistent political theory of libertarianism was developed and will serve as the standard definition of libertarianism within liberal political theory for the remainder of the paper. Libertarian charity, or aid provision that aligns with core libertarian principles, was developed

within this section. The unconditional cash transfer method of aid distribution was found to have strong adherence to libertarianism. For the remainder of the paper, unconditional cash transfers will be utilized as a strong representative method of libertarian political theory.

Liberal political theory, under John Stuart Mill and John Locke, places significant emphasis on the concept of libertarianism. This concept highlights the importance of upholding individual freedom and choice as the basis upon which liberal society may be constructed. John Locke emphasizes the importance of the individual as possessing absolute rights to property, while John Stuart Mill emphasizes the intrinsic utility of freedom of action and thought that should be preserved. In providing foreign aid, a method of unconditional cash transfers most closely aligns with the concept of libertarianism within liberal political theory. This method provides cash payments directly to individuals, allowing recipients to maximize individual freedom by making choices within the market to best further their economic circumstances and prospects for growth. GiveDirectly in Kenya is one example of a nonprofit seeking to empower individuals and communities through the unconditional cash transfer method of aid distribution. In order to promote the libertarian portion aspect of liberal political theory, it is best to pursue the unconditional cash transfer method of aid provision, such as GiveDirectly in Kenya.

4. Theory – Liberal Substantive Ends

4.1 Introduction

The last section examined the libertarian perspective found within John Locke and John Stuart Mill's liberal philosophy. Libertarianism holds that individualism and liberty are ends in themselves, and must be pursued within liberal society. Within this section, the liberal theories of John Locke and John Stuart Mill will be examined and evaluated based on the liberal substantive ends included in respective conceptions of ideal liberal society. John Locke establishes a rights-based liberalism that emphasizes the key to liberal society is the insurance of property rights. A system of property rights grants individuals equal opportunity to pursue property, ensuring protection of that property, so as to maximize their best advantage in life. John Stuart Mill establishes a notion of liberal utilitarianism that emphasizes the role of the individual in maximizing the overall utility and well being of society as a whole. This section will also show that Locke's rights-based liberalism and Mill's liberal utilitarianism are fundamentally compatible with each other.

A working definition of substantive-ends liberalism will be established, stating the most efficient manner by which society can uphold liberal principles is to protect the ultimate ends of society, regardless of the means in pursuit of those ends. Utilizing the consistent definition of substantive-ends liberalism, direct aid provision will be analyzed for its congruence to this aspect of liberal political theory. In accepting congruence between direct aid provision and substantive-ends liberalism, forthcoming sections can evaluate specific programs to determine the level of success direct aid provision has in achieving the goals of to substantive-ends liberalism.

As we have seen, John Stuart Mill and John Locke are often interpreted within the context of the argument that highlights individualism and individual freedom, or libertarianism,

as the core tenant of an ideal liberal society. While individualism does play a crucial role in the work of both Mill and Locke, it only serves as a mechanism through which they seek to promote their desired societal outcome, or respective liberal substantive ends. In *On Liberty*,⁴⁹ John Stuart Mill lays out a vision for a liberal infrastructure that emphasizes freedom to choose as the best possible mechanism to maximize the total utility of a society. The pursuit of utility maximization within society as a substantive end is often referred to as utilitarianism, but will be henceforth referred to as “utilitarian liberalism.” In contrast, John Locke, in *Second Treatise on Civil Government*,⁵⁰ allocates a societal structure that emphasizes individual freedom as the best means to ensure the establishment and observation of private property rights. In establishing the limits of individual freedom at the point this freedom infringes upon private rights, Locke clarifies that rights security is the substantive end, while individual freedom simply serves as a mechanism by which these rights can be ensured. Locke’s liberal perspective emphasizing rights will henceforth be referred to as “rights-based liberalism.”

Using the emphasis Locke and Mill place on substantive ends as justification, it is possible to develop a model of liberal ends security charity that emphasizes the provision of aid in a manner that promotes the improvement in the long-term end needs of a community, as opposed to short-term objectives. The direct provision method of aid distribution, in which goods or services that directly influence the end development goal of a community are provided, is a great example of a liberal ends security charity. In providing aid to the community and individuals as a good or service, direct provision aid ensures substantive ends are maximized, either in terms of total utility or assurance of personal rights. The Millennium Village Project is

⁴⁹ John Stuart Mill, *On Liberty and Representative Government*, ed. R.B. McCallum (Oxford: Basil Blackwell, 1948).

⁵⁰ John Locke, *The Second Treatise of Civil Government and A Letter Concerning Toleration*, ed. J.W. Gough (Oxford: Basil Blackwell, 1948).

an example of a direct provision charity that seeks to secure substantive ends as the most effective form of community development.

4.2 John Locke & Rights-Based Liberalism

Writing during the Enlightenment in Great Britain and throughout Europe, the theory of civil government presented by John Locke is indicative of a desire to establish a framework that addresses the changing social, economic and cultural circumstances within the 17th Century. This framework, often referred to as liberalism, emphasizes the insurance of rights of individuals as the pinnacle substantive end in any liberal society. Within this section, Locke's *Second Treatise on Government* will be evaluated in order to establish that substantive ends are at the heart of his theory of rights-based liberalism. First, the state of nature within Locke will be examined, specifically in the manner by which it gives rise to property within society. An analysis of property within society will lead to the establishment of a right to that property within the laws of nature that are derived from the state of nature. Last, Locke's writings on consent to civil government will be discussed, illustrating substantive ends as Locke's primary focus and individualism as a negotiable means to those ends. Through this theoretical progression, Locke's liberal theory will illustrate the importance of upholding liberal substantive ends, in this case rights-based ends, as the core of liberal theory.

The basis of Locke's liberal theory is rooted in his state of nature, or situation in which all men are equal under God, and endowed equal opportunities to pursue preferable outcomes. Locke emphasizes, "God, who hath given the world to men in common, hath also given them reason to make use of it to the best advantage of life and convenience."⁵¹ In establishing a state in which all men are equal, God has concurrently established a society in which all men have equal opportunity to improve their own quality of life, and the motivation by which such

⁵¹John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 26.

improvements can, and should, be driven. Locke goes on to explain, “all the fruits [nature] naturally produces, and beasts it feeds, belong to mankind in common, as they are produced by the spontaneous hand of nature; [...] yet being given for the use of men, there must of necessity be a means to appropriate them some way or other before they can be of any use or at all beneficial to any particular man.”⁵² Locke recognizes the vast resources possessed by nature and the endowment of these resources to man in order to improve the quality of life of individual actors; however, he also sees inherent consequences that may result if these individual endowments from God remain unchecked. In order to allow individuals to take best advantage of life, Locke believes a system of natural law exists to govern property, or individual consumption of nature for personal benefit.

Locke establishes property as a feature of natural law that relates to how individuals consume or use nature in order to improve personal well being. First, Locke establishes that in the state of nature individuals are endowed with ownership over themselves, in essence creating the self as the most basic form of property that can be used to take full advantage of life. “Through the earth and all inferior creatures be common to all men, yet every man has a property in his own person; this nobody ‘has any right to but himself.”⁵³ In establishing the individual as the first property endowment from God, Locke highlights the role of the individual as a means to an end, or pursuit of greater advantages and conveniences within life. In holding himself as property, man has the ability to utilize himself, though labor, in order to amass other property that affords him greater advantage in life. “It being by him removed from the common state nature placed it in, it hath by this labor something annexed to it that excludes the common right

⁵²John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 26.

⁵³John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 27.

of other men.”⁵⁴ In utilizing existing property, the self, in order to derive resources from the common pool of resources, man can assume ownership of that resource and is able to label it his property. In clarification, Locke writes of a specific example by which an individual amasses greater property through labor. He notes, “he that is nourished by the acorns he picked up under an oak, or the apples he gathered from the trees in the wood, has certainly appropriated them to himself.”⁵⁵ Through the product of labor, man can amass property from the common resources around him, and better his advantage in life. The endowment of the self in amassing property is not simply limited to gathering existing resources, but extends to the creation of resources through utilization of current property to amass future property. “As much land as a man tills, plants, improves, cultivates, and can use the product of, so much is his property.”⁵⁶ Man can make improvements to the land by leveraging his property, including the labor intrinsic to his property over himself, and in doing so gains ownership of any corresponding increases in property. While the state of nature allows for the pursuit of property, Locke emphasizes the role of the laws of nature in establishing property as a right, which can be violated.

Locke establishes a right to property as a moral absolute within the law of nature, ensuring that all individuals have equal opportunity to pursue property to life’s advantage, but also ensuring the pursuit of any one individual does not infringe on the equal rights of other individuals to engage in the same pursuit. “As much as any one can make use of to any advantage of life before it spoils, so much he may by his labor fix a property in; whatever is beyond this is more than his share, and belongs to others.”⁵⁷ Man is endowed with the right to pursue property up until the point he has amassed more than he can realistically consume, and

⁵⁴John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 27.

⁵⁵John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 28.

⁵⁶ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 32.

⁵⁷ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 31.

any consumption beyond that point infringes on the rights of others, and is subject to societal scrutiny. Locke places further emphasis on labor and rationality as the guarantors of property rights within the state of nature. “[God] gave [nature] to the use of the industrious and rational (and labour was to be his title to it), not to the fancy or covetousness of the quarrelsome and contentious.”⁵⁸ Consumption or control of nature by those unwilling to labor to improve the productivity of it violates natural law, and thus infringes on the right to property established by Locke. Further, Locke emphasizes the inherently human associations with labor, going so far as to argue any prevention of individual labor and work contradicts the introduction of property to the state of nature. “The condition of human life, which requires labour and materials to work on, necessarily introduces private possessions.”⁵⁹ Man must labor and work as the most basic condition of human life, and insuring property within society is the single most efficient manner by which individuals may pursue the best advantages in life.

From the laws of nature, and moral boundaries of property protection, arises a tacit consent to civil government as an efficient entity of property protection. First, Locke emphasizes the origins of power for civil society, noting, “men have, by the consent of every individual, made a community, they have thereby made that community one body, with a power to act as one body.”⁶⁰ In pursuing the mutually beneficial desires of all members within a community, individuals can empower a body, or civil government, to act in congruence to their will and interests within society. Within society, the protection of property through civil government represents the single greatest end to which liberal society should seek to attain. “The great and chief end, therefore, of men’s uniting into commonwealths, and putting themselves under government, is the preservation of their property; to which in the state of nature there are many

⁵⁸ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 34.

⁵⁹ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 35.

⁶⁰ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 95.

things wanting.”⁶¹ Locke emphasizes the primary role of society, and government, is to secure property rights, with all other ambitions simply serving as a means to that end. Locke further asserts property is not only the greatest, but also the only end, writing, “government has no other end but the preservation of property.”⁶² Locke goes so far as to note a failure to secure property is indistinguishable from a failure of society as a whole. “No political society can be nor subsist without having in itself the power to preserve the property.”⁶³ Thus, in establishing a civil society to act in accordance to the will of all individuals, Locke emphasizes the single end worth pursuing within liberal society is the right of property protection, with all other considerations serving simply as the means toward the pursuit of that end.

John Locke’s theory of liberalism gives rise to a key emphasis of substantive-ends liberalism, specifically rights-based liberalism. Locke first establishes a state of nature, in which all individuals are equal and endowed with equal opportunities to pursue an advantaged life. One of these endowments within the state of nature is that of property, establishing the core possession of man over himself and his labor. In using this possession over himself, man is entitled to labor in order to derive or improve any portion of nature, claiming the product of his labor as his property. While universal, this endowment does have limits, and Locke emphasizes the role of the laws of nature in establishing the right to property. As a right, all men shall pursue property up until the point such pursuit infringes on the ability of any other to labor in his own attempt to accumulate property. As the ability to labor is a fundamental human characteristic, Locke’s liberal theory institutes a society in which the right to property, and right therein of its pursuit, must be upheld. The chief, and only, end within a liberal society is the provision of security over property rights, with all other considerations being simply means to that end. In

⁶¹ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 124.

⁶² John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 94.

⁶³ John Locke, *The Second Treatise on Government and A Letter Concerning Toleration*, Section 87.

upholding a right to property, Locke illustrates a liberal rights-based theory, one key aspect of the development of substantive-ends liberalism.

4.3 John Stuart Mill & Utilitarian Liberalism

John Stuart Mill, in *On Liberty*, develops a liberal political theory that emphasizes the role of individual freedom as one mechanism in the pursuit of maximizing the overall utility of society. Despite this emphasis on individualism, Mill takes special considerations to ensure utility is accepted as his preferred end, with any means to that end inseparable from the end itself. Mill writes, “it is proper to state that I forego any advantage which could be derived to my argument from the idea of abstract right, as a thing independent of utility.”⁶⁴ Mill does not want his theory to be misconstrued to form a justification of absolute individual freedom, for any argument for individual freedom must be made within the context of pursuit of utility maximization. His theory is fundamentally utilitarian, with liberalism serving as the most efficient mechanism in that pursuit. Within this section, Mill will be evaluated based on his moral limits to freedom of action and discussion of circumstances that warrant legitimate authority over the individual. Through this discussion, it will be illustrated that Mill’s liberal theory is primarily a theory of utilitarian ends, with means of individual freedom toward this end inseparable from the end itself.

According to Mill, the pinnacle accomplishment of any liberal society is to achieve the substantive end by which the total utility of society is maximized through a structure of individual action. Mill argues utility is inherent to individual choice, and promotion of individual freedom represents the single most coherent method toward achieving utility as a substantive end. So long as a choice does not produce evil for another, an individual should enjoy absolute sovereignty over his will and his actions, as this is the means by which he can produce utility for

⁶⁴ John Stuart Mill, *On Liberty and Representative Government*, p. 9.

himself, and thus contribute to the furthering of the overall utility of society. Despite his reverence for individual choice, Mill establishes a moral threshold of individual choice, existing at the point where the choice of an individual creates harm for another individual within society.⁶⁵ Since the ends of utility maximization represent the goal of any liberal society, situations do exist in which power can morally be exerted over individuals within society. “The only purpose for which power can be rightfully exercised over any member of civilised (sic) community, against his will, is to prevent harm to others.”⁶⁶ With this statement, Mill establishes an exception to his policy of individual freedom, allowing prevention of individual freedom when it leads to the destruction of the utility of another individual within society. Therefore, Mill establishes the framework for a liberal society by which each member of society has autonomy in his thought and action as a means by which to pursue the substantive end of utility maximization, with thresholds only occurring at the point at which the action of an individual interferes in the ability of another member of society to pursue utility through individual choice.

While Mill emphasizes individual choice as the cornerstone mechanism for pursuing utility maximization as a substantive end, he deliberately specifies this societal framework can only exist for individuals with sufficient faculties. Mill notes, “Those who are still in a state to require being taken care of by others, must be protected against their own actions as well as against external injury.”⁶⁷ While intended to justify paternal governance over children within well-established states, Mill also highlights the potential need for external influence over backwards states that are not sufficiently developed so as to independently achieve utility-maximizing behaviors. Often, the initial challenges related to spontaneous development are so significant that a ruler may be justified in using any expedients so long as the end is achieved.

⁶⁵ John Stuart Mill, *On Liberty and Representative Government*, p. 9.

⁶⁶ John Stuart Mill, *On Liberty and Representative Government*, p. 8.

⁶⁷ John Stuart Mill, *On Liberty and Representative Government*, p. 9.

Mill further elaborates, “Despotism is a legitimate mode of government in dealing with barbarians, provided the end be their improvement, and the means justified by actually affecting that end.”⁶⁸ Mill expressly notes the pursuit of utility maximization is a long-term goal, with short-term confinements of freedoms sometimes necessary for long-term maximization. Mill uses the example of temporarily curbing free speech in order to increase tolerance and drive long-term utility, writing, “for such actions as are prejudicial to the interests of others, the individual is accountable, and may be subjected either to social or to legal punishment, if society is of opinion that the one or the other is requisite for its protection.”⁶⁹ Mill allows for a temporary reduction in short-term utility, or the utility gained by an individual holding a prejudiced opinion, in order to prevent harm to others and protect long-term utility for all of society. The pursuit of utility maximization as a substantive end is clearly the goal of Mill’s liberal theory, for he is willing to grant absolute power to any third party entity that can successfully achieve this end. Once this end is achieved, and development has occurred, Mill reverts back to individual freedom as the single greatest mechanism by which to achieve utility maximization; however, in states needing sufficient development this mechanism may be overlooked.

John Stuart Mill establishes a liberal theory by which individual freedom represents the most efficient mechanism by which the utility in society may be maximized. Mill specifically indicates the inseparable link between means of individual freedom and an end of utility maximization. In doing so, he seeks to ensure his theory is not interpreted as a call to absolute individualism, but rather a utilitarian theory that utilizes the individual as the most efficient means to utility maximization. While individuality represents his preferred mechanism, Mill

⁶⁸ John Stuart Mill, *On Liberty and Representative Government*, p. 9.

⁶⁹ John Stuart Mill, *On Liberty and Representative Government*, p. 84

recognizes the need, in extreme circumstances, for a single autonomous power to bypass freedom of choice in exchange for ensuring the substantive ends are achieved. Under some circumstances, Mill grants permission for the preferred means to be bypassed in pursuit of the preferred ends, reinforcing his pursuit of utilitarian ends. A liberal society should be established on the basis of utility maximization, with individual freedom representing the most efficient means to achieve utilitarian ends; however, individualism may be sacrificed in any attempt to ensure utility is maximized within liberal society.

4.4 Consistent Theoretical Perspectives: Substantive-Ends Liberalism

John Stuart Mill and John Locke seek to promote a theory of liberalism that emphasizes individualism as a core mechanism, but only as a means to protecting the pursuit of substantive ends. Mill and Locke both accept curbs to individualism in order to further their respective desires for utility maximization in society and insurance of property rights in society. The rights-based liberal perspective of John Locke and utilitarian liberal perspective of John Stuart Mill can be made consistent to form a theoretical perspective of substantive-ends liberalism that holds substantive ends promotion as the highest order of liberalism. Within liberal substantive ends philosophy, individual freedom must remain the core mechanism by which substantive ends are pursued. Locke retains the individual as the guarantor of property rights, and assigns equal access to activities that generate property to every individual within society. Further, consumption limits are established where an additional unit of consumption interferes in the right of others to labor, generate property and consume. Mill retains the sovereignty of individuals to think and act in pursuit of personal utility as basis upon which utility is generated within society. Like Locke, Mill establishes limits for the influence of developed society only at the threshold by which the exercise of individual autonomy interferes in the ability of another individual to act in

congruence with a path of personal utility maximization. Both Locke and Mill utilize the individual as the core mechanism by which ends may be achieved.

While both Locke and Mill utilize the individual as a core mechanism, both affirm substantive ends as the ultimate goal of liberal society. John Locke, through the state of nature, argues individuals have rights to any product of labor derived from maximizing the productivity of common resources. These rights extend to the point at which the individual can no longer gain enjoyment from property, at which point it should be bartered or given to charity. The crux of Locke's theory utilizes the rights as a guarantor of the ability of every individual within society to exert labor in exchange for property, which must be protected by society. John Stuart Mill argues for individual freedom, but only for its ability to serve as the most efficient mechanism by which societal utility can be maximized. In a developed society, Mill views individual freedom to think and act as the most basic utility maximizing behavior, and advocates its preservation so long as individual sovereignty does not interfere with the ability of another to maximize personal utility. In less developed societies, Mill allows the disregard of individualism as a mechanism toward maximizing utility, instead allowing one individual absolute power so long as the decisions made successfully accomplish the substantive ends for which monolithic power was originally granted. Both Locke and Mill, consistent in a theory of liberal ends security, promote substantive ends as the highest goal of establishing a liberal society.

Thus, substantive-ends liberalism provides a framework in which the individual serves as the core mechanism for the pursuit and achievement of substantive ends. While emphasizing the role of the individual, liberal ends security allows curbs to individual freedom as morally justifiable in order to ensure the achievement of substantive ends for individuals and society. John Locke views these ends as security over property rights, while John Stuart Mill views these

ends as utility maximization. Individual freedom, within the context of liberal ends security theory, is not the ultimate goal, but rather a means to achieve substantive ends.

4.5 Liberal Ends Security Charity

Utilizing the principles of substantive-ends liberalism, and drawing upon the writings of liberal philosophers John Locke and John Stuart Mill, it is possible to derive a method of charity that focuses on ensuring the realization of positive substantive ends within a community, contributing to long-term growth and development. Henceforth, this philanthropic ideology will be referred to as “liberal ends security charity.” Liberal ends security charity emphasizes the provision of aid in a manner that directly secures the long-term substantive ends that ensure community development. This aid is commonly provided by means of direct goods or services that address fundamental obstacles to individual wealth generation or community growth and development. Liberal ends security charity addresses Lockean property rights considerations by equalizing the baseline at which individuals exist, creating a more level playing field for individuals to labor, accumulate property, and assert rights over that property. Liberal ends security charity also addresses Millian utility maximizing ends by granting power to a despot, often a foreign non-governmental organization, that can make the best possible choices to advance the development of communities and individuals to increase the utility experienced within society. Thus, liberal ends security charity operates in accordance with the substantive ends aspect of liberal theory and often results in the direct provision method of aid distribution.

4.6 Theoretical Justifications: Direct Provision Method

Drawing upon the writings of John Stuart Mill and John Locke, the direct provision method of aid distribution builds on the theory of substantive-ends liberalism, a consistent view of liberal theory that emphasizes the role of individual freedom only within the context of

servicing as a mechanism in achieving substantive ends. The direct provision method isolates the barriers most likely inhibiting community development, determines the goods or services most likely to address these barriers, and provides these goods and services directly to individuals or the community as a whole. Little emphasis is placed on libertarian considerations, such as the subjective, short-term preferences of the population. The goods and services provided by the direct provision method can include public goods, such as a water well or other infrastructure project; private goods, such as farm animals, seeds or tools; or services, such as medical care or education.

In providing goods and services directly to individuals and communities, the direct provision method addresses the goals of substantive-ends liberal theory within the context of the writings of John Stuart Mill and John Locke. The direct provision method advances the Lockean property rights ends to the extent provision of goods and services improves equality by which individuals may exert labor to improve common resources and reap the benefits of such improvements. For example, the direct provision of seeds and irrigation allows individuals to maximize the product of labor, improve wealth and consumption, leading to the maximization of well being. Further, Locke argues any production beyond what is reasonable to enjoy is immoral, and should be redistributed through barter or charity, such as sending excess seeds to a community experiencing a competitive disadvantage as a result of resource scarcity. The direct provision method also advances Mill's utilitarian end preferences in directly addressing social ills that inhibit a community from maximizing its overall utility. Mill goes so far as to provide an exception to individual freedom as the mechanism by which utility can be maximized in situations involving less developed communities in need of a specific, substantial, and successful intervention in order to ensure utility in the long-term. Mill entrusts a despot, often a non-

governmental organization (NGO) in the case of direct provision method, to engage in targeted interventions to promote utility. Non-governmental organizations may directly procure educational services to overcome human capital deficits, medical services to overcome debilitating or chronic illness in a community, or complete infrastructure projects that had previously prevented economic growth. In doing so, NGOs can increase the utility experienced by a society and act coherently with the principles set forth by John Stuart Mill. Thus, the direct provision method of aid distribution aligns with the principles of liberal ends security and the writings of liberal philosophers John Locke and John Stuart Mill.

One example of a direct provision method nonprofit is the Millenium Villages Project,⁷⁰ whose program and results will be evaluated to determine effectiveness in a following section. The Millennium Villages Project, an effort closely associated with the Earth Institute at Columbia University and Jeffery Sachs, hopes to address “the root causes of extreme poverty, taking a holistic, community-led approach to sustainable development.”⁷¹ In doing so, Millennium Villages Project provides targeted and thorough interventions in select communities, addressing barriers related to food, water, energy, the environment, technology, education, gender equality, mother and child health, and business and entrepreneurship. The Millennium Villages Project operates under the assumption that less developed communities often require reforms only possible through powerful and targeted interventions, closely aligned with the writings of John Stuart Mill. The Millennium Villages Project aligns with John Locke’s property rights security in order to improve entrepreneurship through work uniting science, business, civil society and government to improve the climate surrounding production and private property. While the Millennium Villages Project makes some sacrifices in its utilization of individuals as

⁷⁰ “Millenium Villages Project,” millenniumvillages.org

⁷¹ “Millenium Villages Project,” millenniumvillages.org

the single strongest mechanism towards ends security, it intervenes in areas that will improve the utility and capacity of individuals and community as a whole, thus accomplishing the goals of the liberal substantive ends perspective within liberalism.

The theory of substantive ends liberalism supports the direct provision method of aid distribution, but also illuminates the complications in the theory of unconditional cash transfers. The unconditional cash transfer method of aid provision is cohesive with portions of liberal political theory, but fails to address the long-term goals surrounding the insurance of substantive ends that is fundamental to the works of John Stuart Mill and John Locke. Unconditional cash transfers make no attempt to ensure substantive ends for community development, failing to ensure the establishment of baseline community characteristics that make liberal society possible. For Mill, it is unrealistic to expect utility to be maximized in insufficiently developed societies, and unconditional cash transfers do not make enough progress in ensuring the development of a society to be cohesive with the liberal substantive ends portion of liberalism.

The direct provision method of aid distribution most effectively abides by the principles set forth within the liberal substantive ends perspective of liberal political theory. In providing aid directly, aid can ensure communities are given adequate levels of resources to catalyze community development. Through this development, a liberal society can arise that will expand the opportunity for freedom of choice as a useful mechanism to ensuring property rights and utility maximization in the long-term. Unconditional cash transfers fail to effectively secure substantive ends, and are inconsistent with the liberal substantive ends portion of liberal theory. This direct provision method, represented by the Millennium Villages Project, is the only assurance of substantive ends, and should be pursued by those acting in accordance with the liberal substantive ends perspective of liberal political theory.

4.7 Conclusion

Liberal political theory, under John Stuart Mill and John Locke, places strong emphasis on the concept of liberal substantive-ends. This concept asserts individual freedom is only instrumental to liberal society in its ability to serve as mechanism by which substantive ends can be secured for individuals and society. For John Locke, these ends come in the form of property rights, and for John Stuart Mill these ends focus on utility maximization. Within the realm of foreign aid, the direct provision method most closely aligns with a liberal substantive-ends interpretation of liberal political theory. This method emphasizes the direct distribution of goods and services to individuals and communities as the greatest guarantor of substantive ends security and most efficient catalyst to long-term community development. One example of the direct provision method of aid distribution is the Millennium Villages Project associated with Jeffery Sachs which seeks to implement targeted reforms and interventions to solve the underlying causes related to global poverty and development stagnation. In order to appease the substantive ends portion of liberal political theory, it is best to utilize liberal ends security theory as a justification to pursue a direct provision method of aid distribution, such as the Millennium Villages Project in Africa.

5. Theory – Reconciled Liberal Theory

During the summer of 2013, I spent three months as an intern with a nonprofit in Managua, Nicaragua. I had the privilege to work with 23 amazing kids from three different impoverished neighborhoods within the city. One of the fourteen year old boys, Manuel, had told me this summer he hopes to grow up to be an engineer. Such a career aspiration is astounding, given five years ago Manuel did not even attend school. It is not that he did not have a school to attend; Managua has hundreds of public and private schools that educate large portions of the city's population. For Manuel's family, school was never a financially realistic option. Manuel's father and mother peddle sunglasses and mobile phone cases at portable stands outside the local shopping mall. While they earn some wages, it is not nearly enough to feed themselves and their children. As a result, Manuel and his siblings needed to spend their days begging, washing car windshields at stoplights, and performing any other tasks to help the family afford a subsistence-level diet. While additional money would certainly help Manuel's family, providing financial assistance alone would do nothing to propel Manuel to any level of occupation beyond what his parents, and likely their parents, were able to achieve. These payments, much like the provision of schools, would do nothing to help Manuel's family overcome the contextual challenges that prevented them from making the investments in the future that aligned with their goals for Manuel, and the goals for their family. How is it, over the course of just five years, Manuel could go from begging on the streets to having realistic ambition of continuing to postsecondary education and attaining a job in a white-collar career? Manuel was selected to participate in a conditional cash transfer program started by a William & Mary alumnus. The story of Manuel will be revisited in a later section.

5.1 Introduction

Within this section, the previously defined consistent theoretical perspectives within John Stuart Mill and John Locke will be reconciled as a liberal political theory. The first portion of this section will build upon the theoretical considerations of the prior two sections.

Libertarianism, the point of view within liberalism that emphasizes individual freedom within

society, will be outlined. Then, liberal substantive ends, the point of view within liberalism that emphasizes securing ends related to utility and property within liberal society, will be outlined. Using these two interpretations of liberalism, a consistent, reconciled perspective of liberalism will be developed. This perspective will heavily utilize the theory of libertarian paternalism developed by Richard Thaler and Cass Sunstein, and will lead to the adoption of a definition of reconciled libertarian paternalism that will represent a true reading of liberalism. Using the theory of reconciled libertarian paternalism, a method of libertarian paternalist charity will be developed. Libertarian paternalist charity will give rise to a method of conditional cash transfer aid provision, which will be represented by the Oportunidades program in Mexico. This section will establish a theoretical basis upon which to evaluate the Oportunidades program. Additionally, it will reconcile liberal theory into a cohesive definition by which to evaluate conditional cash transfers, unconditional cash transfers and direct aid provision in order to determine which method most successfully produces results indicative of liberalism.

The arguments for liberal society presented by John Stuart Mill and John Locke can be interpreted within the context of libertarianism, or individual freedom as the basis upon which society is constructed, or liberal substantive ends, with emphasis on securing the ends that are necessary for the existence of liberal society. While the liberal substantive ends interpretation and libertarian interpretation are both supported by the writings of Mill and Locke, they represent an incomplete and misguided interpretation of the true intentions of a complete and reconciled theory of liberalism. In *On Liberty*,⁷² John Stuart Mill crafts a society in which individual freedom serves as the mechanism by which society can maximize overall utility, recognizing the intrinsic utility associated with individual freedom and its expansion over time.

⁷² John Stuart Mill, *On Liberty and Representative Government*, ed. R.B. McCallum (Oxford: Basil Blackwell, 1948).

In *Second Treatise on Government*,⁷³ John Locke illustrates a state of nature in which individuals represent the sole source of all productivity and property, and in which society's main objective is to ensure the right to all property and human elements that are derived from the product of any individual labor.

In developing a perspective that reconciles John Stuart Mill and John Locke, Richard Thaler and Cass Sunstein⁷⁴ develop a theory of libertarian paternalism that emphasizes expanding the opportunities for individual choice in the short-term while concurrently nudging individuals toward choices they themselves would retrospectively make given their long-term preferred substantive ends. Using this reconciled perspective of libertarian paternalism as justification, it is possible to develop a theory of libertarian paternalist charity that emphasizes expanding freedom of choice in the short-term while concurrently structuring choices to encourage individuals and communities to make the necessary investments to promote the expansion of individual freedom and creation of substantive ends in the long-term trajectory of community development. The conditional cash transfer model of aid provision aligns with the libertarian paternalist charity model by tying direct cash payments with stipulations that require recipients use these payments as a catalyst to make substantial investments in human capital to expand choice and secure substantive ends in the long-term. Thus, in taking a holistic approach to the liberal perspectives of John Stuart Mill and John Locke, Thaler and Sunstein develop a theory of libertarian paternalism that gives rise to the reconciled libertarian paternalist method of aid provision and provides justification for conditional cash transfers as the best means of aid provision within developing communities.

⁷³ John Locke, *The Second Treatise of Civil Government and A Letter Concerning Toleration*, ed. J.W. Gough (Oxford: Basil Blackwell, 1948).

⁷⁴ Richard Thaler and Cass Sunstein, *Nudge*, (New Haven, Connecticut: Yale University Press, 2008).

5.2 Consistent Libertarianism

Within the section on Libertarian Theory, a consistent definition of libertarianism was developed as an interpretation of the liberal theories within John Locke and John Stuart Mill. Libertarianism is defined as the aspect of liberalism that emphasizes upholding individual freedom and choice, both as the most efficient means to a liberal society and as an inherent end itself. Libertarianism asserts the only time individual freedom should be curbed is in instances when the expression of this freedom threatens the freedom of other individuals or society as a whole, highlighting the role of individual freedom as a beneficial end within society.

John Locke establishes a state of nature, with all individuals born into this state under equal circumstances and equally endowed by God with certain unalienable freedoms. From this state of nature arises laws of nature and civil government, both of which individuals consent to in order to preserve the highest degree of freedom within society. Locke only sets limits on freedom of individual thought and action at the point in which exercising of individual freedom threatens the overall freedom of other individuals or society on the whole. In highlighting the libertarian point of view within John Locke, it becomes evident society must uphold individual freedom as a core principle, with any reduction in this freedom immoral and harmful to liberal society.

John Stuart Mill establishes individual freedom as the most important component of liberal society, both as an end itself and as the most efficient utility maximizing behavior, with choice possessing the highest internal degree of potential utility. Mill emphasizes the best way to promote utility in society is by expanding choice, as making a choice possesses utility in itself. Mill inserts certain protections to guarantee individual freedom over choice, arguing even wrong opinions or actions deserve consideration for the inherent utility holding these opinions possesses for the individual and society. The only circumstance Mill finds acceptable for curbing choice

comes when holding an opinion decreases the overall utility of society, such as in situations where the availability of choice for others becomes limited as a consequence. In highlighting the libertarian perspective in John Stuart Mill, it becomes evident society must uphold individual freedom for its role in possessing internal utility and expanding utility maximizing behavior within society.

Consistent libertarianism can be defined as a liberal interpretation that upholds individual freedom and maximization of individual choice as the core of liberal society. This definition brings consistency to the writings of John Locke and John Stuart Mill in order to formulate a standard definition that will allow further evaluation in later sections.

5.3 Consistent Liberal Substantive Ends

Within the section on Liberal Substantive Ends Theory, a consistent definition of liberal substantive ends was developed as an interpretation of the liberal theories of John Locke and John Stuart Mill. Liberal substantive ends is defined as the portion of liberalism that emphasizes the importance of ensuring the existence of certain ends as instrumental to the presence of a liberal society, with individual freedom only serving as one means by which those ends may be achieved. While individual freedom does serve as an important means to these liberal ends, it is the existence of ends that defines the presence of liberalism within a society, highlighting the ultimate goal of both Locke and Mill.

For John Locke, upholding property rights is the goal of any liberal society, with individual freedom serving as the most efficient means to those ends, but curbs sometimes necessary for the benefit of upholding property rights. John Locke establishes a state of nature in which all individuals are free to accumulate property through labor. In order for this system to be maintained, individuals must act in accordance to the laws of nature, which ensure pursuit of

property by any one member of society does not inhibit the same ability of others. The laws of nature give rise to civil government. In consenting to civil government, individuals give up some individual autonomy and freedom in order to ensure their rights over property are upheld and the presence of a liberal society will remain. While individual freedom may be negotiable under Locke, property rights are an absolute that must be ensured for liberal society to exist. In highlighting the liberal substantive ends perspective within Locke, it becomes evident the role of society is to ensure property rights, and individual freedom serves as the most efficient, but not absolute, means to achieving that end.

For John Stuart Mill, overall utility maximization should be the goal of any liberal society, with the utility and individual freedom of any member of society finding relevance within the context of aggregate societal utility. First, Mill ensures the reader is aware that he considers individualism inseparable from utility, advocating only for individual freedom within the context of its ability to expand utility within society. Mill's theory is primarily utilitarian, or ends based, with individual freedom primarily serving as the most efficient means to that end. In some cases in which sufficient development and opportunity does not exist, Mill goes so far as to entrust a despot to catalyze development to a point at which liberal society is possible and individual freedom can serve as a mechanism for utility. Mill does not view individual freedom as the core of liberal society, but rather emphasizes the utility such freedom can generate in a sufficiently developed liberal society. In highlighting the liberal substantive ends perspective within Mill, it becomes evident the role of society is to provide utility, with individual freedom serving as the most efficient means so long as society is sufficiently developed.

Consistent liberal substantive ends theory can be defined as a liberal interpretation that upholds the ends within a liberal society as the most important, emphasizing individual freedom

only within the context of serving as the most efficient means to achieve those ends. This definition brings consistency to John Locke and John Stuart Mill in order to formulate a standard definition that will be utilized in evaluation in later sections.

5.4 Reconciled Theoretical Perspectives: Libertarian Paternalism of Thaler & Sunstein

Richard Thaler and Cass Sunstein, in *Nudge*, develop of a theory of libertarian paternalism that seeks to reconcile the libertarianism and liberal substantive ends discussed by John Stuart Mill and John Locke in order to structure a theory that promotes individual choice in the short-term while framing these choices in order to orient individuals toward the long-term substantive ends preferences that expand choice and maximize ends for a community. According to Thaler and Sunstein, libertarian paternalism is characterized as a merger between paternalism and libertarianism in order to both “maintain or increase freedom of choice” while concurrently “influenc[ing] people’s behavior in order to make their lives longer, healthier and better.”⁷⁵

Thaler and Sunstein believe there is an opportunity to create policies that promote the availability of current choices while also directing individuals toward the decisions they would choose for themselves absent of contextual failures. In order to understand libertarian paternalism as a form of reconciled liberalism, it is important to analyze the context in which libertarian paternalism succeeds, the method by which libertarian paternalism “nudges” individuals toward their own preferable outcomes, and how a theory of libertarian paternalism marries the concepts of libertarianism and liberal substantive ends within John Stuart Mill and John Locke.

Individuals often face contextual failures when attempting to make economic, social or political decisions. The most common contextual failures exist when decisions are difficult and rare, there is a lack of prompt feedback, or there is difficulty in translating aspects of a situation

⁷⁵ Richard Thaler and Cass Sunstein, *Nudge*, pp. 5-6.

into easily understandable terms.⁷⁶ When these failures are present, it can be expected for individuals to make decisions that contradict their own preferred outcomes or harm their ability to make additional choices in the future. Individuals are capable of making positive choices in matters in which they have experience, good information and prompt feedback;⁷⁷ yet, in a situation characterized by a lack of this basic contextual framework, it is common for individuals to stray. Since some level of bias is inherent within the contextual bounds of all decisions,⁷⁸ choice architects are obliged under libertarian paternalism to alter the bounds in order to encourage a decision that most closely aligns with the outcome individuals themselves express as being preferred.

For the libertarian paternalist, this influence takes the form of a ‘nudge,’ or “any aspect of the choice architecture that alters people’s behavior in a predictable way without forbidding any options or significantly changing their economic incentives.”⁷⁹ Developed societies often have institutions that successfully eliminate many of these decision-making barriers. Individuals receive ample education, which helps contextualize complex situations; regularly experience opportunities to make decisions in economic, social and political situations; and gain feedback through personal experience or through the vast wealth of information available through both personal and impersonal outlets. Contrarily, individuals in less developed communities rarely gain prompt feedback, have difficulty translating complex decisions into relatable terms and often face decisions that are rare or infrequent when dealing within the marketplace or investment opportunities. Therefore, libertarian paternalism is most successful as a strategy in contexts in which significant barriers exist that limit the freedom available within any given

⁷⁶ Richard Thaler and Cass Sunstein, *Nudge*, p. 72.

⁷⁷ Richard Thaler and Cass Sunstein, *Nudge*, p. 9.

⁷⁸ Richard Thaler and Cass Sunstein, *Nudge*, p. 10.

⁷⁹ Richard Thaler and Cass Sunstein, *Nudge*, p. 6.

choice, as nudges can help expand freedom of choice in the short term while concurrently encouraging the development of substantive ends that secure expanded freedom to choose in the long-term.

Libertarian paternalists present several key tactical nudges that both increase the availability of choices while also helping individuals to make better choices in pursuing their own expressed outcome preferences. The first of these nudges is the use of *defaults*, or the creation of a choice system that aligns the outcome associated with inaction with an outcome the choice architect believes a decision-maker prefers.⁸⁰ For example, many individuals indicate preference in having savings upon retirement, yet constraints may lead them to not put portions of their paycheck into their retirement account. A choice architect can set a default of automatically depositing a portion of an individual's pay check into a retirement account, helping the individual make the choice that will lead them toward their preferred outcome, while ensuring an individual can still choose to not deposit, deposit less, or deposit more than the default. Another important nudge involves *expecting error*⁸¹ among individuals, and creating a system that is as forgiving as possible. A choice architect should create a context in which any decision an individual makes is as least damaging as possible, allowing them the opportunity to rejoin the path that leads to their preferred outcome. Nudges can also include *providing feedback*,⁸² or allowing individuals to become aware of successes, failures and opportunities for improvement, and *relevant mappings*,⁸³ or making feedback comprehensive and relatable so individuals can understand the consequences of the decisions that have been made. With more

⁸⁰ Richard Thaler and Cass Sunstein, *Nudge*, p. 83.

⁸¹ Richard Thaler and Cass Sunstein, *Nudge*, p. 87.

⁸² Richard Thaler and Cass Sunstein, *Nudge*, p. 90.

⁸³ Richard Thaler and Cass Sunstein, *Nudge*, p. 91.

numerous and complex choices, nudges can *structure complex choices*⁸⁴ in order to narrow and simplify decisions, and increase the likelihood individuals make a decision that aligns with their preferred outcomes. Lastly, nudges can provide *incentives*.⁸⁵ Choice architects create incentives to solve other conflicts of incentives and ensure individuals have the opportunity to select the decisions that align with their preferred outcome free from short-term biases that may convolute those decisions. According to Thaler and Sunstein, providing these key nudges allows libertarian paternalism to alleviate contextual failures that prevent individuals from making decisions that align with their preferred outcome, while increasing the availability of decisions.

In describing a theory of libertarian paternalism, Thaler and Sunstein effectively marry the liberal substantive and libertarian aspects of the liberal theory of John Stuart Mill and John Locke. In addressing libertarianism, libertarian paternalism places strong emphasis on promoting individual freedom of choice, advocating both short-term choice availability but also the expansion of choice in the long-term. A libertarian paternalist choice architect will structure a choice so as to orient individuals toward the option that most closely aligns with their own utility-maximizing outcome; however, ensures the prevalence of other options, allowing choice opportunity that will grant utility while also protecting society from a poorly designed choice architecture. The individual freedom to choose in the short-term serves as an instrumental mechanism to ensuring the expansion of the ability to choose in the long-term. Within the context of John Locke, libertarian paternalism supports his conception of intrinsic individual rights, and ensures their persistence while also encouraging the productive behavior Locke views as a basis upon which to extend rights. Within the context of John Stuart Mill, libertarian paternalism seeks to expand freedom of choice in the short term, but does so in recognition of the

⁸⁴ Richard Thaler and Cass Sunstein, *Nudge*, p. 94.

⁸⁵ Richard Thaler and Cass Sunstein, *Nudge*, p. 98.

implicit barriers that prevent freedom of choice within developing societies. While libertarian paternalism may curb unlimited choice, it does so in an attempt to develop society to a point in which choice freedom may be expanded, highly congruent to the writings of John Stuart Mill.

Libertarian paternalism also encompasses the liberal substantive aspect of liberalism, placing emphasis on structuring choices in a way that expands utility and rights in the long-term. In removing many of the barriers that lead individuals to make choices that diverge from their own long-term utility maximization, libertarian paternalism helps individuals better secure substantive ends related to utility and rights. Within the context of John Locke, libertarian paternalism helps to improve feedback loops, increase the frequency of choices and improve contextual decision making, all of which improves institutions and markets, liberalizes society, and encourages the expansion of property rights. An individual who has barriers removed is more likely to increase productivity, expanding the property upon which rights may be extended. Within the context of John Stuart Mill, libertarian paternalism utilizes individual freedom as a mechanism by which to secure utility maximizing ends, which, in turn, provide greater opportunity for individual freedom. Mill and libertarian paternalism both view individual freedom for the utility it creates, but recognize curbs must sometimes exist in order to achieve greater utility and expand choice in the future. Mill would even allow a despot, or in this case a choice architect, the power to exert greater influence in structuring choices in societies that are not sufficiently developed in order to give rise to a developed community that is able to support the individual freedom that inherently creates utility. Thus, both consistent liberal substantive ends theory and consistent liberal theory within John Stuart Mill and John Locke are reconciled within the theory of libertarian paternalism.

5.5 Libertarian Paternalist Charity

The arguments presented in Thaler and Sunstein's justification for libertarian paternalism give rise to a segment of aid distribution, libertarian paternalist charity, seeking to promote free choice while also adjusting the structure of the decision-making context in order to help individuals align their current decisions with their expressed substantive ends preferences. A model of philanthropy designed around libertarian paternalism ideally pegs social and economic decisions to opportunities for improved access to choice, especially those choices that align with opportunities for individuals to realize their preferred outcome and expand future decision-making capabilities. Under this umbrella, nonprofits can utilize information, feedback, and expanded opportunities for experience accumulation to nudge residents of developing communities towards making the decisions that most closely align with their preferred social or economic outcomes. Despite the influence nonprofits can exert, granting residents of developing communities a substantial amount of free choice to combat failures or biases triggered by the nonprofits ensures these residents can make the best possible decisions to adjust to changing circumstances in their communities that may impact the ideal trajectory toward achieving their idealized outcome. Libertarian paternalist philanthropy is congruent with the liberal substantive ends and libertarian aspects of John Stuart Mill and John Locke in that it utilizes individual choice as a means to secure substantive ends for a community that will spur development and expand individual freedoms over time. One method that appears to align closely with libertarian paternalist philanthropy is the model of the conditional cash transfer nonprofit.

5.6 Theoretical Justifications: Conditional Cash Transfers

One example of libertarian paternalist charity is the conditional cash transfer method of aid provision, which pegs direct cash payments to compliance in activities that further develop

human capital within a community. In providing aid via direct cash payments, conditional cash transfers (CCTs) embrace individual freedom as a crucial mechanism in promoting substantive ends within a community, and for the intrinsic value choice possesses. The CCT method of aid provision also recognizes barriers exist within developing communities that inhibit the ability of individuals to make completely free decisions. In order to develop society to a point at which these barriers are reduced or no longer exist, individual decisions must be presented within a context that orients these individuals towards the choices that will lead to their desired substantive ends. As a result, CCTs peg cash payments to investments in human capital, typically health, education, or productivity, which will reduce barriers in the longer term and expand the opportunity for future choice while concurrently serving as a catalyst to community development and utility maximization.

The conditional cash transfer method of aid provision addresses the liberal substantive ends and libertarianism within John Stuart Mill and John Locke's liberal theory. Liberal substantive ends theory is addressed in the emphasis CCTs place on commitment to future investment as an achievement threshold to continue receiving cash payments. Some CCTs require rural productivity commitments, aligning with the Lockean notion of land productivity and property accumulation, furthering the ability of individuals to gain property and the rights intrinsic to this process. These behavior thresholds also align with the writings of John Stuart Mill, who argues the goal of any liberal society is to maximize utility, with utility intrinsic to freedom over choice. In cases of insufficient development, Mill provides exception in granting an individual the right to curb freedom in order to incite reforms that will lead to a more liberal developed society. In essence, CCTs provide immediate utility in allowing individuals to have freedom of choice over the cash stipends received, and incite reforms through investments that

promote community development and expand the availability of utility-maximizing freedom of decisions in the future. Conditional cash transfers also address the libertarianism of Mill and Locke in the emphasis placed on ensuring some individual choice in both the short and long term. In the short term, individuals are given cash payments, which increase the opportunity for market participation and freedom in decision-making. In the long term, key investments in human capital development and productivity both expand the resources and reduce the barriers that inhibit freedom in decision making, expanding individualism within these communities. John Locke's writings strongly support the insurance of individual rights to life, health, liberty and possessions, all of which are improved through choice architecture that expands choice in the present and future. John Stuart Mill also supports the emphasis on utility, both in providing utility in the short term through cash payments that lead to decisions, and in the long term through education, choice expansion, and the establishment of a society capable of supporting individual freedom in choice and expression.

One example of a conditional cash transfer program, to be evaluated in a forthcoming section, is the Oportunidades program in Mexico.⁸⁶ The Oportunidades program provides direct cash payments to female heads of household in exchange for these households meeting school attendance thresholds and preventative medical care thresholds. Operated under the Mexican national government, the Oportunidades program seeks to provide immediate relief in the form of cash payments that will lead to increased market participation and consumption by recipients while also encouraging the necessary investments in health and education to improve long-term productivity, expand choice and develop communities. In attending school and investing in health care, individuals expand long-term productivity, remove barriers of successful decision-

⁸⁶ United Nations Development Program, "Mexico: Scaling Up Progresa/ Oportunidades," (New York, NY: United Nations, November 2011), p. 1.

making, and improve community institutions. These developments, in turn, expand opportunities for freedom in decision, leading to further advances in the aforementioned substantive ends. Thus, the Oportunidades program exemplifies libertarian paternalist charity and successfully encompasses the liberal substantive ends and libertarian aspects of liberal political theory under John Stuart Mill and John Locke.

In supporting a system of conditional cash transfers, libertarian paternalist charity also illustrates many of the contradictions between liberal theory and methods of unconditional cash transfers and direct aid provision. According to a theory of reconciled libertarian paternalism, unconditional cash transfers are inconsistent with liberalism because they fail to reduce the barriers that limit freedom of choice. These barriers are eliminated in ensuring investments in substantive ends that create a more liberal society in the long run, maximizing freedom of choice in both the short-term and long-term. Direct aid provision is also inconsistent with liberal theory through the lens of reconciled libertarian paternalism in failing to institute freedom of choice as an instrumental structural component. Freedom of choice is beneficial both as an end in itself, but also in its ability to overcome poor program or choice architecture within substantive ends provision. Failing to institutionalize this freedom of choice represents a failing of direct aid provision within the context of true liberalism.

Libertarian Paternalist charity utilizes the liberal substantive ends and libertarian aspects of liberal political theory in order to justify a system of conditional cash transfers. The conditional cash transfer method of aid distribution seeks to promote individual choice in the short-term by distributing cash payments directly to individuals while concurrently ensuring substantive ends gains by mandating investments in human capital in exchange for the continued receipt of transfer payments. Libertarian paternalist theory also highlights many of the flaws

experienced by unconditional cash transfers and direct aid provision in only aligning with one portion of liberal ideology. In attempting to deliver aid in a manner that aligns with a holistic reading of John Stuart Mill and John Locke, conditional cash transfers prove best at promoting all three interpretations of liberalism, and are instrumental in ensuring true liberalism is upheld.

5.7 Conclusion

In order to truly reconcile the respective theories presented by John Stuart Mill and John Locke, the concepts of liberal substantive ends and libertarianism must be married into a reconciled liberal perspective: libertarian paternalism. Developed by Thaler and Sunstein, libertarian paternalism emphasizes choice architecture as the most efficient means to expanding freedom of choice while also orienting individuals toward making choices that lead to their own preferred substantive ends. In achieving these substantive ends, individuals will expand freedom of choice in the long-term, further improving utility and rights associated with these choices and ends. The theory of libertarian paternalism is a more accurate portrayal of true liberalism, and gives rise to a concept of libertarian paternalist charity.

Pursuit of libertarian paternalist charity emphasizes structuring choices of aid recipients in order to improve freedom in the short term while also encouraging investments that remove barriers, develop communities, and expand freedom of choice and overall utility in the long-term. One example of libertarian paternalist charity is the conditional cash transfer method of aid distribution, which ties direct cash payments to behavioral thresholds, commonly in education, health and other areas of human capital investment. The Oportunidades program in Mexico is one example of a conditional cash transfer program that expands freedom of choice in the short term while concurrently orienting individuals toward substantive ends gains through investments in human capital development. Thus, in pursuing a holistic perspective of liberalism, reconciled

libertarian paternalism makes it possible to achieve expansion of individual freedom while concurrently ensuring access to the substantive ends that make community development possible. This reconciled libertarian paternalist perspective will be utilized in later sections to determine the relative success of conditional cash transfers in meeting the goals it sets forth as justifications, as well as the success of unconditional cash transfers and direct aid provision in achieving results representative of true liberalism.

6. Evaluation

6.1 Introduction

Within this section, we will examine how successful three different methods of aid provision are in achieving the desired results expressed within each unique aspect of liberal political theory, as well as reconciled libertarian paternalism. The three methods of aid provision are unconditional cash transfers, represented by GiveDirectly, conditional cash transfers, represented by Oportunidades, and direct aid provision, represented by the Millennium Villages Project. The three aspects of liberal theory are libertarianism, liberal substantive ends and reconciled libertarian paternalism. First, a methodology will be constructed based on the evidence and justifications from prior sections of the thesis. Liberal substantive ends, emphasizing the substantive ends aspect of John Stuart Mill and John Locke's liberal theory, is congruent with the Millennium Villages Project,⁸⁷ a direct provision method of aid distribution. Libertarianism, emphasizing the individual freedom aspect of John Stuart Mill and John Locke's liberal theory, is congruent with GiveDirectly,⁸⁸ an unconditional cash transfer method of aid distribution. Reconciled libertarian paternalism, or true liberalism, emphasizes the implicit benefit in expanding freedom to choose in the short term, but structures choices in a way that 'nudges' individuals toward selecting the choice that best aligns with the substantive ends that will expand freedom of choice in the long term. Oportunidades,⁸⁹ a conditional cash transfer organization in Mexico, is congruent with the libertarian paternalist model of reconciled liberalism.

⁸⁷ Millennium Villages Project, accessed September 2013 – March 2014, < <http://millenniumvillages.org/>>.

⁸⁸ GiveDirectly, accessed September 2013 – March 2014, <<http://Givedirectly.org>

⁸⁹ Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, "Investing Cash Transfers to Raise Long-Term Living Standards," (Washington, D.C.: World Bank, 2006).

In order to determine how well each method achieves successful results in accordance to its respective liberal theory, variables that align to various liberal aims will be selected. For libertarianism, advances in psychological well being and overall consumption will serve as a determinants of improved individual freedom. For liberal substantive ends, advances in education, health, and durable good consumption will serve as determinants of improved societal outcomes. For reconciled liberalism, an aggregate of all aforementioned variables will determine success at improving choice in the short term while orienting individuals toward their own long term ends. Following the methodology section, each method of aid provision will be evaluated based on two criteria: adherence to own conception of liberal theory and adherence to libertarian paternalism, a reconciled, more complete reading of liberal theory. In doing so, it will be possible to evaluate whether GiveDirectly, the Millennium Villages Project or Oportunidades most successfully achieves the desired results of providing aid in accordance to liberalism.

6.2 Methodology

This section will determine which variables are most closely aligned with the preferred results associated with each tenant of liberal theory, and will then explain why those variables are the most accurate available indicators. Libertarianism will be measured based on variables related to psychological well being and overall consumption. Liberal substantive ends will be measured based on variables related to health, education and durable good consumption. Libertarian paternalism will be measured based on an aggregate of all preceding variables.

Libertarianism is the aspect of John Locke and John Stuart Mill that emphasizes personal liberty and individual freedom as the highest objective. Aid provision that successfully produces libertarian goals should show measurable improvements in aspects of life that are intricately linked to freedom and choice. In evaluating aid provision based on libertarianism, psychological

well being and household consumption will be the two variables utilized in order to determine program success. First, a psychological well being variable will serve as a strong indicator of improved individual freedom. John Stuart Mill argues utility is an intrinsic component of choice, which predicates that expansion of opportunities to choose will result in improvement in psychological well being. This improvement in psychological well being will be evident in self-reported happiness, as well as a reduction in stress levels that would be caused by lack of choice or constraints. Second, a consumption variable will be used as a strong indicator of individual freedom. Improvements in consumption are often the direct result of the purchase of more overall goods. The act of purchasing goods, or market participation, intrinsically expands the quantity and scope of individual decisions. Any direct participation in the market naturally results in choices by sellers and buyers, leading to an increase in market participation that coincides with an increase in choice. As individuals participate more in the market, they also experience an expansion of freedom to choice, corresponding to successful attainment of libertarian goals. Thus, aid provision in accordance to libertarianism will result in improved psychological well being and increased levels of consumption.

Liberal substantive ends is the aspect of John Stuart Mill and John Locke that emphasizes the importance of securing ends, specifically utility and property rights, within a liberal society. Whereas libertarianism focuses on immediate and short-term psychological satisfaction and consumption, a focus on substantive ends requires suppressing immediate desire and investing in long-term ends. As a result, provision that adheres to liberal substantive ends should show marked improvements in indicators that demonstrate strong ties to investment in long-term development in creating a more liberal society. In evaluating aid provision based on liberal substantive ends, education, health and durable good consumption will be used as variables to

determine program success. First, education serves as an indicator of investments in human capital that will lead to long-term improvements in economic, social and political ends within a community. For Locke, the only goal of a liberal society should be the protection of property rights, which is advanced if the overall educational attainment of a community increases, leading to greater wealth and a greater understanding of society and local government involvement in ensuring rights to property. Further, Mill argues the end of utility is derived partly from education and enlightened debate, both of which are furthered by improved investments in human capital and education. Second, health serves as an indicator of social investment in extending life expectancies and improving productivity within a community. Locke argues property is generated through labor, which experiences reduced efficiency and productivity in unhealthy individuals. By investing in health, communities generate more property, accumulate greater property over longer lives, and ultimately improve the rights over property within society. In arguing for utility maximization, Mill would advocate improved health leads to happier people, fulfilling utility objectives. Lastly, consumption of durable items, in contrast to consumption of non-durable goods, serves as an indicator of deferment of immediate benefit for long-term improvements in community development goals and ends security. Within Locke, consumption of durable goods can improve the productivity of labor, leading to greater or more efficient property accumulation over time.

These variables all align closely to Locke's emphasis on the right to life, liberty and property, with health improving the quality of life, education expanding individual liberty, and investment leading to greater property accumulation in the long-term. Aid provided in accordance to liberal substantive ends theory shows marked improvements in education, health, and durable good consumption.

Libertarian paternalism is a reconciled liberal theory encompassing the works of John Locke, John Stuart Mill, and Richard Thaler and Cass Sunstein. In addressing a more holistic view of liberalism, libertarian paternalism emphasizes expanding choice in the short term while concurrently ‘nudging’ individuals toward making the choices that best align with their long-term preferences. In order to determine if aid provision aligns with a reconciled liberal perspective, the variables developed within libertarianism and liberal substantive ends for education, consumption, durable good consumption, health and psychological well being will be utilized. In showing successful results in all these areas, aid provision addresses the concerns of libertarianism, liberal substantive ends, and a reconciled liberal theory. Aid provision that seeks to represent liberalism as a whole should show improvements in all aforementioned areas.

In establishing key variables to represent libertarianism, liberal substantive ends and reconciled liberalism, it is now possible to evaluate how well specific programs achieve success within the perspective of liberal theory they represent, as well as within liberalism as a whole. The GiveDirectly program of unconditional cash transfers will be evaluated to determine if it successfully achieves the desired results within libertarian theory, as well as if it achieves results indicative of reconciled liberal theory. The direct aid provision in the Millennium Villages Project will be evaluated to determine if it successfully achieves the desired results within liberal substantive ends theory, as well as if it achieves results indicative of reconciled liberal theory. Finally, Oportunidades conditional cash transfer program will be evaluated to determine if it successfully achieves the desired results within reconciled liberalism, indicating successful attainment of aims within libertarianism, liberal substantive and libertarian paternalism.

6.3 Libertarian Charity – Unconditional Cash Transfers

Liberal individual charity, represented by the unconditional cash transfer method of aid distribution, places strong emphasis on ensuring individual freedom of choice consistent with the respective libertarian philosophies of John Stuart Mill and John Locke. Unconditional cash transfers provide cash payments directly to aid recipients absent of any conditionality, applying the logic that individual participation within the market is a natural catalyst to improving individual well being and maximizing the individuality intrinsic to libertarianism. GiveDirectly is an example of an unconditional cash transfer nonprofit, and will be evaluated more extensively in order to determine how closely its results align with both the libertarian charity it propagates, and the reconciled liberalism represented by libertarian paternalism.

GiveDirectly: Libertarian Evaluation

GiveDirectly provides cash payments to recipients in Kenya and Uganda, delivering these payments to an individual's cell phone. GiveDirectly aligns with libertarianism in seeking to empower local individuals in an efficient manner, "put[ing] at least 90 percent of every donated dollar in the hands of the poor," in order to "empower the poor to set their own priorities."⁹⁰ The main goals of GiveDirectly are empowerment and efficiency, two key values that find congruence with the goals of charity provided in a libertarian fashion. In 2013, Johannes Haushofer, of the Poverty Action Lab at MIT, and Jeremy Shapiro, an economist with a PhD from MIT, conducted the first independent evaluation⁹¹ of the impacts of GiveDirectly unconditional cash transfer payments in Kenya. Haushofer and Shapiro utilize a randomized control trial in order to isolate the impacts of transfers, the impacts of monthly versus large

⁹⁰ GiveDirectly, "Our Values," <<http://GiveDirectly.org/values>>.

⁹¹ Johannes Haushofer and Jeremy Shapiro, "Household Response to Income Changes: Evidence from an Unconditional Cash Transfer Program in Kenya," (Boston: Massachusetts Institute of Technology, November 15, 2013).

transfers, and any spillover effects within the community. In order to determine the effectiveness of GiveDirectly within the context of libertarianism, the impacts of aid on psychological well being and consumption, an indicator of expanded market choice, will be evaluated.

Psychological Well-Being: One important indicator of promotion of libertarianism is psychological well-being, as John Stuart Mill writes of the intrinsic utility associated with expansion of freedom of choice and choice opportunities. Psychological well being will be evaluated using cortisol levels, self-reported happiness, self-reported locus of control and the study's psychological well-being index developed by Haushofer and Shapiro.

Figure 6.3.1 Indicators of Psychological Well-Being⁹²

	Control Mean	Treatment Effect	Spillover Effect	Female Recipient	Monthly Transfer	Large Transfer	N
Log Cortisol (controls)	-0.03	0.05	-0.08	-0.21**	0.27***	-0.16*	2102
Happiness	-0.00	0.18***	0.13	-0.01	0.01	0.07	2140
Locus of Control	0.00	0.03	-0.06	0.04	0.03	0.02	2140
Psychological well-being index	-0.00	0.20***	0.08	0.16*	-0.10	0.35***	2140

Notes: * indicates confidence interval of 10 percent, ** of 5 percent and *** of 1 percent. Psychological well-being index pegged to above indicators, in addition to indicators for Log cortisol (no controls), depression, worries, stress, life satisfaction, optimism, trust and self-esteem. See Haushofer and Shapiro for further explanation of regressions and methodology.

The above indicators suggest strong improvements in psychological well being as a result of the unconditional cash transfer payments provided by GiveDirectly. In terms of cortisol stress levels, no aggregate level impact seems to occur; however, impacts are felt amongst subgroups of aid recipients. Female recipients indicate a strong, statistically significant decline in cortisol levels as a result of cash payments, possibly in correlation to increased female empowerment.

⁹² Adapted from: Johannes Haushofer and Jeremy Shapiro, "Household Response to Income Changes: Evidence from an Unconditional Cash Transfer Program in Kenya," p. 55.

Monthly transfer recipients see a statistically significant increase in cortisol levels, while large transfer recipients see a statistically significant drop in cortisol levels. This may be a result of a greater propensity of large transfer recipients to save portions of the transfer as opposed to interacting in the market, or propensity to make larger, but fewer, decisions within the market. Happiness and psychological well being both receive a strong, statistically significant increase, likely as a result of the inherent utility derived from freedom of choice and increased ability to pursue preferred substantive ends. On the whole, unconditional cash transfers through GiveDirectly have strong impacts on the psychological well being of recipients.

Consumption: Consumption serves as an indicator of increased choice and opportunity for choice when evaluated in light of consumption that results from market participation. Consumption will be evaluated based on variables for purchased food, medical expenditure, education expenditure, social expenditure, other expenditure and non-durable expenditure.

Figure 6.3.2 Indicators of Consumption through Expenditure⁹³

	Control Mean	Treatment Effect	Spillover Effect	Female Recipient	Monthly Transfer	Large Transfer	N
Purchased Food	90.82	16.98***	-1.39	-3.11	-3.03	7.49	1372
Medical Expenditure	6.56	2.83***	1.52	2.06	-1.49	-0.35	1372
Education Expenditure	4.71	1.08**	0.32	0.44	-0.10	1.10	1372
Social Expenditure	4.36	2.46***	-1.42***	-2.06**	-0.46	0.67	1372
Other Expenditure	34.36	10.06***	-3.72	-2.05	-3.56	11.76***	1372
Non-Durable Expenditure	157.40	36.18***	-7.53	-2.74	-4.40	20.37*	1372

⁹³ Adapted from: Johannes Haushofer and Jeremy Shapiro, "Household Response to Income Changes: Evidence from an Unconditional Cash Transfer Program in Kenya," p. 50.

Notes: * indicates confidence interval of 10 percent, ** of 5 percent and *** of 1 percent. All measures calculated in Purchasing Power Parity (PPP) United States Dollars (USD). Food expenditures include all food except alcohol and tobacco. Education expenditures include tuition and all other costs of attendance. Social expenditures include charity, dowry, elder fees, religious ceremonies, weddings, funerals, recreation, etc. Other expenditures include airtime, travel and transportation, clothing, personal items, household items, firewood, electricity and other goods. Non-durable expenditures include all those intended for immediate consumption, such as education, medical, food, etc. See Haushofer and Shapiro for further explanation of regressions and methodology.

Consumption expenditures experienced a statistically significant increase in every category of measurement, indicating increased opportunity for market choice across the board. Noteworthy variances include the statistically significant increase in other expenditures among large transfer recipients and not monthly transfer recipients, indicating a potential increase in the propensity of large transfer recipient investment in durable goods. Further, female heads of household spent less on social expenditures when compared to the mean, potentially as a result of increased independence through empowerment and reduced need for social services. The marked increase in consumption through expenditure indicates a sharp uptick in market participation, and likely corresponding increase in incidence of opportunities for decision-making and free choice.

GiveDirectly: Reconciled Libertarian Paternalist Evaluation

The unconditional cash transfer payments provided by GiveDirectly indicates strong support for improved libertarianism by expansion of freedom of choice. In order to determine the effectiveness of GiveDirectly within the reconciled libertarian paternalist theory, the method must be evaluated in light of liberal substantive ends, or the ability of GiveDirectly to secure goods or services that relate to long-term development goals. The success of GiveDirectly in ensuring substantive ends will be measured by indicators related to education, health, and durable good consumption.

Figure 6.3.3 Indicators of Substantive Ends Provision⁹⁴

	Control Mean	Treatment Effect	Spillover Effect	Female Recipient	Monthly Transfer	Large Transfer	N
Education Index	0.00	0.08	-0.00	0.05	-0.05	0.04	1174
Health Index	-0.00	-0.04	-0.08	0.09	0.01	-0.07	1372
Value of Durable Goods	207.30	53.27***	-8.74	-1.01	-8.42	63.97***	1372

Notes: * indicates confidence interval of 10 percent, ** of 5 percent and *** of 1 percent. Value of durable goods is measured as sum of furniture, agricultural tools, radio, television, bike, motor-bike, appliances and cell phone. All other indices represent a methodological evaluation of evidence by Haushofer and Shapiro; please see publication for greater detail on criteria, measures and methodology.

The evidence suggests GiveDirectly improves substantive ends related to durable good consumption, but does not make any statistically significant improvements to health or education. Statistically significant gains in durable good consumption are likely the result of increased household incomes as a result of cash payments, but do not indicate any systemic rise in incomes as a result of community development. The lack of noticeable improvements in health and education indicate a lack of human capital developments that will not expand freedom of choice, property rights or overall utility in the long-term. Thus, GiveDirectly fails to show any marked improvement in provision of substantive ends apart from those associated with temporarily increased incomes, leading to a divergence from the liberal ends security component of libertarian paternalism.

6.4 Liberal Ends Security Charity – Direct Provision Method

Liberal ends security charity, represented by the direct provision method of aid distribution, places strong emphasis on ensuring the substantive ends articulated within the respective liberal theories of John Stuart Mill and John Locke. The direct provision method of

⁹⁴Adapted from: Johannes Haushofer and Jeremy Shapiro, “Household Response to Income Changes: Evidence from an Unconditional Cash Transfer Program in Kenya,” p. 49.

aid distribution provides goods and services perceived as most likely to remedy barriers that inhibit community development, reducing potential interference to securing substantive ends highlighted in liberal theory. The Millennium Villages Project under Jeff Sachs is an example of a direct provision aid model, and will be evaluated more extensively in order to determine how closely it aligns with both the liberal ends security method it is justified through and the reconciled liberalism represented by libertarian paternalism.

Millennium Villages Project: Liberal Substantive Ends Evaluation

The Millennium Villages Project currently operates 14 project sites in 10 different countries. According to its own vision, the Millennium Village Project “simultaneously addresses the challenges of extreme poverty in many overlapping areas: agriculture, education, health, infrastructure, gender equality, and business development.”⁹⁵ In seeking to provide impoverished communities with aid that directly catalyze long-term development goals, the goals of the Millennium Villages Project serve as a congruent entity to liberal substantive ends. The first independent analysis of specific program results will not be completed until 2016. Many scholars have criticized program founder Jeff Sachs for failing to institute an empirical framework to evaluate the success or failure of his Millennium Villages Project (see: Paul Starobin, “Does it Take a Village,” *Foreign Policy*, June 24, 2013). As a result, evaluation of the Millennium Villages Project will rely on a difference-in-difference evaluative working paper by Michael Clemens, of the Center for Global Development and New York University, and Gabriel Demom, of the World Bank.⁹⁶ This evaluation seeks to determine if the Millennium Villages Project provides greater levels of substantive ends development when compared to the natural

⁹⁵ Millennium Villages Project, “The Villages,” <<http://millenniumvillages.org/the-villages/>>.

⁹⁶ Michael Clemens and Gabrielle Demom, “When Does Rigorous Impact Evaluation Make the Difference? The Case of the Millennium Villages,” CDG Working Paper 174, Washington, D.C.: Center for Global Development, October 11, 2010. <<http://www.cgdev.org/content/publications/detail/1424496>>.

development trajectory of villages absent of intervention. The variables utilized to determine ends security include education, represented by proportion of primary school attendance, health, represented by several key health indicators, and durable good ownership, represented by ownership of mobile phones.

Education: One important catalyst to community development is education, and Millennium Villages Project villages in Kenya, Nigeria and Ghana will be evaluated by difference-in difference indicators compared to other villages in the same region. The proportion of the population attending primary school will serve as an indicator of educational gains.

Figure 6.4.1 Proportion of Primary School Attendance⁹⁷

	Millennium Village Region		Millennium Village		Difference-in-difference
	X ₀	X ₁	Y ₀	Y ₁	
Kenya	1.18	1.27	1.10	1.23	0.08
Nigeria	0.52	0.52	0.81	0.99	0.18
Ghana	1.02	1.22	1.08	1.15	-0.05

Notes: Kenya, X range is 2003 – 2008 and Y range is 2005 – 2008. Nigeria, X range is 2003 – 2008 and Y range is 2006 – 2009. Ghana, X range is 2003 – 2008, Y range is 2006 – 2009. Gross Primary Attendance is defined as number of pupils attending primary school, regardless of age, expressed as a fraction of the population of official primary school aged children.

In Kenya, the rate of primary school attendance grew 8 percent faster within the Millennium Village than the rate increase in the surrounding region. In Nigeria, the rate of primary school attendance grew 18 percent faster within the Millennium Village than the rate increase in the surrounding region. In Ghana, however, the rate of primary school attendance grew 5 percent slower than the rate increase in the surrounding region. The Millennium Villages Project seems to be successful at securing liberal substantive ends related to education in two of the three cases studied, indicating likely, but not a guaranteed success.

⁹⁷ Adapted From: Michael Clemens and Gabrielle Demom, “When Does Rigorous Impact Evaluation Make the Difference?” pp. 45-47.

Health: Community health is an important catalyst to development, as it improves productivity of individuals over time and leads to social and economic gains. In illustrating gains to a village in the area of health, the Millennium Villages project would secure crucial substantive ends for catalyzing to development goals and long-term societal improvements. Infant measles vaccinations, incidence of HIV testing and bed net usage among children will be used to measure health and access to health services within Millennium Village Project communities as compared to other regional communities.

In Kenya, Nigeria and Ghana, the Millennium Village Project appears to consistently improve access to health in villages receiving a targeted intervention as compared to regional villages. The rate of measles vaccination in Ghana is the only health indicator in which the regional communities improved at a greater rate than the Millennium Village Project community. Evidence suggests the Millennium Village Project successfully secures gains in the substantive ends related to health improvements in order to promote community development.

Figure 6.4.2 Measures of Key Health Indicators⁹⁸

		Millennium Villages Region		Millennium Village		Difference-in-difference
		X ₀	X ₁	Y ₀	Y ₁	
Kenya	Infant Measles Vaccination	0.44	0.75	0.67	0.98	0.12
	HIV Testing Incidence	0.08	0.35	0.14	0.58	0.28
	Bed Net Usage	0.08	0.59	0.10	0.62	0.21
Nigeria	Infant Measles Vaccination	0.11	0.16	0.29	0.41	0.09
	HIV Testing Incidence	0.03	0.02	0.01	0.03	0.04
	Bed Net Usage	0.02	0.03	0.01	0.37	0.35
Ghana	Infant Measles Vaccination	0.82	0.91	0.83	0.86	-0.03
	HIV Testing Incidence	0.03	0.06	0.04	0.13	0.07
	Bed Net Usage	0.01	0.33	0.09	0.56	0.27

Notes: Kenya, X range is 2003 – 2008 and Y range is 2005 – 2008. Nigeria, X range is 2003 – 2008 and Y range is 2006 – 2009. Ghana, X range is 2003 – 2008, Y range is 2006 – 2009. Infant Measles Vaccinations defined as fraction of children under one year of age who have received one dose of measles vaccine in Millennium Village or fraction of children between 12-23 months who, at any time, received measles vaccine in MV region. HIV Testing Incidence defined as fraction of women and men ages 15-49 who received an HIV test within the past year. Bed Net Usage defined as fraction of children aged 0-59 months who slept under an insecticide treated mosquito net the night prior to the survey.

Durable Good Consumption: A key indicator of securing substantive ends related to community development is consumption of durable goods that make society more productive

⁹⁸ Adapted From: Michael Clemens and Gabrielle Demom, “When Does Rigorous Impact Evaluation Make the Difference?” pp. 45-47.

and efficient. Mobile phone ownership will be used as an indicator of improved access to durable goods. In improving access to mobile phones, communities improve infrastructure related to communication and banking, both of which make communities more efficient and productive.

Figure 6.4.3 Durable Good Consumption Indicator⁹⁹

		Millennium Villages Region		Millennium Village		Difference-in-difference
		X ₀	X ₁	Y ₀	Y ₁	
Kenya	Mobile Phone Ownership	0.04	0.53	0.10	0.40	0.00
Nigeria	Mobile Phone Ownership	0.00	0.18	0.04	0.35	0.20
Ghana	Mobile Phone Ownership	0.00	0.47	0.04	0.30	-0.02

Notes: Kenya, X range is 2003 – 2008 and Y range is 2005 – 2008. Nigeria, X range is 2003 – 2008 and Y range is 2006 – 2009. Ghana, X range is 2003 – 2008, Y range is 2006 – 2009. Mobile Phone Ownership is defined as the fraction of households who own a mobile phone.

In Nigeria, The Millennium Villages Project improves access to mobile devices by 20 percent compared to other regional villages; however, the projects in Kenya and Ghana improve access at the same or slower pace when compared to other regional villages. In failing to exceed the natural growth of mobile phone ownership in Kenya and Ghana, the Millennium Villages project does not ensure community members are able to make ample investments in durable goods, which does not make the community more productive or efficient over time, limiting the pursuit of substantive ends in the long-term.

⁹⁹ Adapted From: Michael Clemens and Gabrielle Demom, “When Does Rigorous Impact Evaluation Make the Difference?” pp. 45-47.

Millennium Villages Project: Reconciled Libertarian Paternalism Evaluation

Evaluation of the liberal substantive ends portion of reconciled libertarian paternalism yielded mixed success by the Millennium Villages Project (MVP). The MVP achieves modest gains in education and strong gains in health indicators, but makes no gains in durable goods consumption. The MVP will also be evaluated within the framework of the libertarian aspect of libertarian paternalism, measuring consumption indicative of expansion of choice opportunity and psychological well being. In order to measure consumption, incidence of malnutrition will be evaluated. Incidence of malnutrition is a strong indicator of consumption of non-durable goods as declining incidences of malnutrition is indicative of greater access to food, which was likely purchased within a market context, possessing inherent choice to the buyer acting within the market.

Figure 6.4.4 Measures of Consumption Indicator¹⁰⁰

		Millennium Villages Region		Millennium Village		Difference-in-difference
		X ₀	X ₁	Y ₀	Y ₁	
Kenya	Malnutrition	0.30	0.27	0.62	0.38	-0.22
Nigeria	Malnutrition	0.56	0.46	0.78	0.43	-0.29
Ghana	Malnutrition	0.33	0.20	0.25	0.18	0.00

Notes: Kenya, X range is 2003 – 2008 and Y range is 2005 – 2008. Nigeria, X range is 2003 – 2008 and Y range is 2006 – 2009. Ghana, X range is 2003 – 2008, Y range is 2006 – 2009. Mobile Phone Ownership is defined as the fraction of households who own a mobile phone. Chronic malnutrition is defined as the proportion of children under two years of age whose height for age is less than minus two standard deviations from the median for international reference population ages 0-23 months.

The Millennium Villages Project villages in Kenya and Nigeria reduced the incidence of malnutrition by 22 percent and 29 percent, respectively, over comparable local villages; while, the MVP village in Ghana reduced the incidence of malnutrition at the same pace as comparable villages not receiving targeted intervention. This malnutrition reduction shows market

¹⁰⁰ Adapted From: Michael Clemens and Gabrielle Demom, “When Does Rigorous Impact Evaluation Make the Difference?” pp. 45-47.

participation improves considerably in Kenya and Nigeria; yet, illustrates no gains over natural development occurs in Ghana. No evaluation has yet been established in order to analyze improvements in psychological well being, or an increase in utility resulting in expansion of choice. Mill and Locke would suggest improved consumption is indicative of improved psychological well being as a consequence of greater individualism within society. The Millennium Villages Project shows some, but inconsistent, improvement in individual freedom of choice in society.

The Millennium Village Project provides limited or inconsistent evidence toward slightly improving the preferred outcomes of reconciled libertarian paternalist theory, and limited evidence toward improving the preferred outcomes of liberal ends security. In doing so, the Millennium Village Project fails to secure the substantive ends included within the theory upon which its justification is oriented, in addition to poorly meeting the objectives of liberal society on the whole.

6.5 Libertarian Paternalist Charity – Conditional Cash Transfers

Libertarian paternalist charity, represented by the conditional cash transfer method of aid provision, seeks to reconcile libertarian charity and liberal substantive ends charity in order provide aid in a manner that more closely aligns with true liberal theory. Conditional cash transfer nonprofits seek to promote freedom of choice in the short term, through the provision of direct cash payments to individuals, while concurrently instituting targeted interventions to promote substantive ends that expand choice in the long-term, often through mandating investments in human capital development. The Oportunidades program under the Mexican government is an example of a conditional cash transfer nonprofit and will be evaluated more extensively in light of reconciled liberal philosophy, a theory of liberalism that encompasses both

libertarianism and liberal ends security. The Oportunidades program provides a vision centered on removing barriers to investments in human capital development poor individuals recognize as beneficial and preferable, but beyond the scope of realistic attainment.¹⁰¹ In providing cash payments under the stipulation of investment thresholds, Oportunidades expands freedom in the short term while concurrently aligning individuals towards making the choices that fit their own preferred ends and expands choice in the future. Oportunidades justification features many aspects congruent to libertarian paternalist theory.

Oportunidades: Reconciled Libertarian Paternalism Evaluation

The Oportunidades Program (originally called Progresa) under the Mexican government provides cash payments to female heads of poor households conditional on child school attendance, family obtainment of preventive medical care and clinic visits, and attendance at talks on topics of education, health or related subjects. In 2004, the program served 5 million households.¹⁰² In order to measure its adherence to reconciled libertarian paternalism, including both libertarianism and liberal ends security, the Oportunidades program will be evaluated for its achievements in health, education, durable goods consumption, overall consumption and psychological well being of recipients. The evaluation will utilize data from a WorldBank report in which Paul Gertler, Sebastian Martinez and Marta Rubio-Codina conduct a randomized control experiment to determine if any living standard gains are achieved as a result of conditional cash transfers.¹⁰³ The evaluation will also utilize the report by Susan Parker and

¹⁰¹ WorldBank, "Mexico's Oportunidades Program," *Shanghai Poverty Conference: Case Study Summary*, <<http://info.worldbank.org/etools/docs/reducingpoverty/case/119/summary/Mexico-Oportunidades%20Summary.pdf>>.

¹⁰² Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, "Investing Cash Transfers to Raise Long-Term Living Standards," (Washington, D.C.: World Bank, 2006), p. 3.

¹⁰³ Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, "Investing Cash Transfers to Raise Long-Term Living Standards," (Washington, D.C.: World Bank, 2006).

Emmanuel Skoufias, who conduct a difference-in-difference analysis of the impact of Oportunidades on school attendance and child labor.¹⁰⁴

Education: A key indicator of achievement of substantive ends is education, as this investment in human capital spurns greater community development and is likely to expand choice and utility in the long-term. Susan Parker and Emmanuel Skoufias provide a difference-in-difference analysis of the impacts of Oportunidades on child labor and school attendance.

Figure 6.5.1 Child Labor Participation as an Education Indicator¹⁰⁵

	Boys			Girls		
	Pre-Program (1997)	November 1999		Pre-Program (1997)	November 1999	
		Coefficient	T-Statistic		Coefficient	T-Statistic
8 to 11	0.0620	-0.013	-2.0	0.0353	-0.000	-0.5
12 to 17	0.3775	-0.032	-1.6	0.1317	-0.023	-1.8

Note: Please see Parker and Skoufias for data, regression and methodology.

Younger boys, older boys and older girls all see drops in labor force participation as a result of the Oportunidades program. This decline in labor force participation is likely a consequence of devoting greater time to education, indicating recipient households are making investments in human capital development that will lead to long-term community development and expansion of freedom and utility. Labor often serves as a barrier to educational participation, and Oportunidades can be considered successful in securing the necessary substantive ends in order to allow community members to commit sufficient investment to human capital growth.

¹⁰⁴ Susan Parker and Emmanuel Skoufias, "Conditional Cash Transfers and Their Impact on Child Work and Schooling," (Washington, D.C.: International Food Policy Research Institute, 2000).

¹⁰⁵ Adapted from: Susan Parker and Emmanuel Skoufias, "Conditional Cash Transfers and Their Impact on Child Work and Schooling," p. 33.

Figure 6.5.2 Probability of Attending School as an Education Indicator¹⁰⁶

	Boys			Girls		
	Pre-Program (1997)	November 1999		Pre-Program (1997)	November 1999	
		Coefficient	T-Statistic		Coefficient	T-Statistic
8 to 11	0.9363	0.013	1.8	0.9402	-0.003	0.3
12 to 17	0.5678	0.043	2.4	0.4807	0.095	4.3

Note: Please see Parker and Skoufias for data, regression and methodology.

Younger boys, older boys and older girls all see increases in probability of school attendance as a result of the Oportunidades program. While school attendance is a requirement of receiving the conditional cash transfers, the evidence confirms compliance to this requirement and indicates strong investments in human capital development as a substantive end that will incite expansion of freedom and utility in the long-term. The evidence of reduced labor market participation and increased school attendance of children within the Oportunidades program suggests the program successfully provides substantive ends related to education and aligns with the goals of liberal substantive ends theory.

Health: Health serves as a key indicator of achievement of substantive ends, as investment in health improves productivity over time, leading to greater opportunity for freedom of choice and overall utility. In investing in health, a community becomes more productive and healthier, improving the ends included within John Stuart Mill related to utility and John Locke related to securing property rights in society. In order to measure any potential health impacts, Gertler, Martinez and Rubio-Conida develop a regression for “activities of daily living” under the assumption improvement in health coincides with more productivity in daily activities. This indicator is an acceptable indicator of overall health, as well as an indicator of substantive ends related to productivity as a consequence of improvements in health.

¹⁰⁶ Adapted from: Susan Parker and Emmanuel Skoufias, “Conditional Cash Transfers and Their Impact on Child Work and Schooling,” p. 37.

Figure 6.5.3 Activities of Daily Living as a Health Indicator¹⁰⁷

	Actual Transfer (monthly)
Model 1	0.107**
Model 2	0.112*

Notes: * indicates significant at 10%, ** at 5% and *** at 1% confidence intervals. Activities of daily living indicator developed by Gertler, Martinez and Rubio-Corina. For more information on methodology, data and regression, see Gertler, Martinez and Rubio-Corina.

In both regressions, participation in the Oportunidades program shows a statistically significant increase in activities of daily labor, indicating improvements in health allow households to improve productivity. This improvement displays an increase in substantive ends related to health, offering support of a theory of liberal substantive ends.

Durable Good Consumption: A key indicator of liberal substantive ends is durable good consumption. One crucial aspect of durable good consumption relates to investment or savings that can be redirected towards goods that improve the long-term productivity and efficiency of a community. In improving productivity, individuals are better able to secure property rights and utility, two substantive ends that find congruence within the liberal substantive ends portions of John Locke and John Stuart Mill. Gertler, Martinez and Rubio-Codina provide a dichotomous outcome analysis of draft animal and production animal ownership, seeking to determine the propensity of any individual to own any amount of either category, as ownership represents an investment in substantive ends that will lead to greater productivity or utility in the long-term. Draft animals are defined as those utilized in farming, load-carrying and other related activities, while production animals are those that are raised for consumption associated with direct animal product or animal byproduct.

¹⁰⁷ Adapted from: Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, "Investing Cash Transfers to Raise Long-Term Living Standards," p. 44.

Figure 6.5.4 Improvement in Durable Good Consumption¹⁰⁸

	Draft Animal Ownership	Production Animal Ownership
Model A (no controls)	0.043*	0.038*
Model C (controls)	0.046*	0.037*

Notes: * indicates significant at 10%, ** at 5% and *** at 1% confidence intervals. For more information on methodology, data and regression, see Gertler, Martinez and Rubio-Corina.

Utilizing both models with controls and without controls, Gertler, Martinez and Rubio-Corina show statistically significant increases in ownership of both draft and production animals. The increase of ownership indicates Oportunidades secures substantive ends that improve productivity and efficiency over time. In improving substantive ends related to durable good consumption, health and education, Oportunidades aligns with liberal substantive ends within reconciled libertarian paternalism.

Overall Good Consumption: Provision of aid aligned with libertarianism positively impacts the opportunity for freedom of individual choice. A strong indicator of increased opportunity for market participation, and the choice that coincides with that participation, is the level of overall consumption. Gerler, Martinez and Rubio-Codina develop three regressions for consumption that should illustrate positive growth during the time of transfer and beyond if Oportunidades successfully expands market participation for individuals.

Figure 6.5.5 Impact of CCT on Overall Consumption¹⁰⁹

	Consumption Linear I	Consumption Linear II	Consumption Linear III	Consumption Linear IV
Actual Transfer	0.649**	0.510**	0.733**	0.884**
Actual Cumulative Transfer (6 months)	N/A	0.011**	0.012**	0.018**

Notes: * indicates significant at 10%, ** at 5% and *** at 1% confidence intervals. See Gertler, Martinez, and Rubio-Codina for linear regressions, data and methodologies.

¹⁰⁸ Adapted from: Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, “Investing Cash Transfers to Raise Long-Term Living Standards,” p. 37.

¹⁰⁹ Adapted from: Paul Gertler, Sebastian Martinez and Marta Rubio-Codina, “Investing Cash Transfers to Raise Long-Term Living Standards,” p. 41.

The evidence provided by Gertler, Martinez and Rubino-Codina suggests the Oportunidades conditional cash transfer program increases consumption at time of transfer and six months removed from the transfer. While it can be expected to see immediate increases in consumption as a result of the cash injection atypical to standard income, statistically significant consumption increases six months removed from the transfer payment indicates systemic increases in standard of living and potential community development. The Oportunidades program increases choice availability through market decisions in the short term, but also expands choice and utility in the long-term as evidenced by the retaining of some consumption gains. Thus, the consumption data surrounding the Oportunidades program supports expanded freedom of choice within the libertarian aspect of reconciled libertarian paternalist theory.

Psychological Well-Being: Happiness and psychological well-being are considered to be good indicators of expansion of freedom of choice, as John Stuart Mill implies utility as intrinsic to choice. Currently, no direct psychological analyses of recipients within the Oportunidades program in Mexico exist. Lia Fernald, Paul Gertler and Lynnette Neufeld do find a reduction of 9 percent in behavioral problems that may be correlated to improved psychological well-being, but is not linked intricately enough to make any particular claims about the impact of Oportunidades on utility and psychological well-being.¹¹⁰ While it seems likely Oportunidades does improve psychological well being, claims in either direction cannot be made at this time.

6.6 Summary of Results

Following evaluation, the conditional cash transfer method of Oportunidades is most congruent in securing results indicative of liberal goals on the whole, while GiveDirectly

¹¹⁰ Lia Fernald, Paul Gertler and Lynnette Neufeld, “10-year effect of Oportunidades, Mexico’s conditional cash transfer programme, on child growth, cognition, language and behaviour: a longitudinal follow-up study,” (Berkley, CA: Lancet, 2009), p. 2001.

unconditional cash transfers successfully meets the goals of libertarianism but not liberalism, and Millennium Villages Project fails to produce any consistent results to meet the goals of liberal substantive ends or liberalism.

GiveDirectly, an unconditional cash transfer nonprofit, successfully achieves results indicative of promoting libertarianism, yet fails to provide liberal substantive ends and gain congruence with reconciled libertarian paternalism. In achieving libertarian goals, GiveDirectly improves freedom of choice through increased market participation and overall good consumption, as well as psychological indicators related to reduction in stress levels associated with greater freedoms. GiveDirectly improves durable good consumption, often indicative of investment in substantive ends, but fails to make improvements in health or education indicators, leading to an overall misalignment with liberal substantive ends. Thus, GiveDirectly can be considered a successful adherent of the aspect of liberal theory it represents, libertarianism, but is not representative of the goals of liberalism as a reconciled political theory.

Millennium Villages Project, a direct provision method of aid distribution, achieves inconsistent or mixed gains in securing substantive ends and inconsistent or mixed results among indicators representative of the goals of reconciled libertarian paternalism. In pursuit of the goals of liberal substantive ends theory, the Millennium Villages Project makes strong gains in health, but mixed or inconsistent gains in education and durable good consumption, leading to weak alignment with the goals it seeks to promote in securing substantive ends through a targeted, holistic, intervention for community development. The Millennium Villages Project makes strong, but inconsistent, gains in overall consumption through malnutrition reduction, indicating some communities may experience growth in market participation, while another experienced no greater market participation than that in control communities. Therefore, Millennium Villages

Project attains mixed results in promoting the goals within its own silo of liberal theory, liberal substantive ends, and mixed results in promoting the goals of liberal theory on the whole through reconciled libertarian paternalism.

Oportunidades conditional cash transfer nonprofit achieves strong results in the goals of reconciled libertarian paternalism in promoting the goals of the libertarianism and liberal substantive aspects of John Locke and John Stuart Mill. In alignment with the goals of libertarianism, Oportunidades increases overall consumption and finds some evidence related to reduction in behavioral issues that could arise from reduction in psychological feelings of constraint. Both indicators suggest Oportunidades is successful at improving freedom of choice within communities. In alignment with the goals of liberal substantive ends, Oportunidades displays increases in metrics of health, education and durable good consumption, leading to investments that are likely to improve community development, property rights security and utility in the long-term. In securing these results, Oportunidades can be considered to successfully meet the objectives that support congruence to libertarianism, liberal substantive ends and reconciled libertarian paternalism.

In evaluating the ability of three different methods of aid provision to achieve results congruent with various liberal justifications and liberalism on the whole, it is possible for individuals to determine which organization they should support based on their preferred liberal ideology. Those who consider themselves to be libertarian should feel comfortable supporting the efforts of GiveDirectly and Oportunidades. Those who consider themselves adherents to liberal substantive ends should feel comfortable supporting Oportunidades. Lastly, those who consider themselves to be true liberals, like John Locke and John Stuart Mill, will only be satisfied in supporting the efforts of a conditional cash transfer nonprofit such as Oportunidades.

7. Conclusion

We return now to the story of Manuel, one of the boys I worked with this past summer as an intern for a conditional cash transfer nonprofit in Managua, Nicaragua. Over the course of just five years, Manuel went from working on street corners to completing the sixth grade with aspirations of being an engineer when he grows older. This transformation did not occur because Manuel's neighborhood in Managua suddenly had a new school provided by a direct provision aid organization; Managua already has hundreds of schools serving thousands of students. This transformation did not occur because Manuel's family suddenly had greater income levels as a result of unconditional cash payments, automatically knowing where Manuel should go to school, what classes he should take and how much time he should commit to his studies. This transformation was made possible by a conditional cash transfer nonprofit. In order to ensure Manuel could be successful in school, and his parents had incentives to ensure he attended, the nonprofit provided Manuel's parents a monthly cash stipend to offset (with excess) the income the family would lose from Manuel attending school instead of working. Further, the nonprofit's program coordinator helped Manuel and his parents select a public school that fit their needs, navigate the complex uniform requirements, and promised to serve as a resource as the family entered the unfamiliar process of educational investment. In many ways, the nonprofit helped Manuel, and his family, navigate around many of the barriers Thaler & Sunstein highlight as key inhibitors of individuals making choices that align with their preferences. Manuel's family wanted him to be educated and have better career opportunities than they had; however, due to incentives, information failures and unfamiliar choices, Manuel could not reasonable take steps to achieve these ends without the help of a conditional cash transfer.

Manuel still faces many challenges. He lives in a poor and dangerous neighborhood: in December 2012, Manuel was playing soccer with friends when he was caught in the middle of a gang fight and took a stray bullet through his forearm. His family still has no experience with education: three years ago Manuel was suspended from the program for a period for failing attend school. Despite these difficulties, Manuel has potential and hope of a future better than his parents. This hope does not come from a new school building or higher monthly income, but rather as a consequence of a unique formula that improves the quality of life for Manuel and his family as they make the necessary investment in education that will allow Manuel to get a good job, earn a decent living, and make the same investments in his children as were made in him. Conditional cash

transfers provide a truly liberal solution for children like Manuel who want to be successful but need a little help along the way.

Over the past few years, there has been substantial growth in the quantity, quality and scope of evaluation of foreign aid distribution in developing communities. The evidence produced through these evaluations has served as a useful tool in making aid more efficient, effective and beneficial for donors and aid recipients. While these programs have made strides toward a more complete evaluation of foreign aid, ideology and philosophy has remained largely overlooked as a useful tool in determining the success of individual aid programs.

Philosophical or ideological commitment may not be the only factor in determining individual participation in social causes; however, it often plays a large role in the decision-making process. Individuals often seek out aid programs that share ideological justifications that align with their own world-view, hoping supporting these organizations will produce results cohesive with their theoretical perspective. The absence of current forms of evaluation that determine the ability of aid organizations to produce results congruent with their theoretical justifications represents a large gap, and a substantial disservice to aid donors. In order to improve the current landscape of foreign aid evaluation, this thesis augmented current empirical indicators to variables representative of political theory, providing a mechanism by which aid organizations can be evaluated in accordance to the goals they set for themselves within the theoretical perspective they use as justification.

Liberal theory, often associated with John Stuart Mill and John Locke, is one of the most significant and widely known theories within political philosophy. As a result, liberal theory was selected as a political theory that could be augmented to empirical evidence in order to determine how well organizations that seek to further liberal principles truly uphold these principles in the results they ultimately produce. In order to accurately ensure each nonprofit was represented by

liberalism, three different perspectives were developed: libertarianism, liberal substantive ends and reconciled libertarian paternalism. Libertarianism was defined as the portion of liberal theory that highlights the importance of individual freedom and autonomy. Liberal substantive ends was defined as the portion of liberal theory that highlights the importance of securing ends, such as property rights or utility, in ensuring the existence of liberal society. Reconciled libertarian paternalism, utilizing the writings of John Locke, John Stuart Mill, and Richard Thaler and Cass Sunstein, represents true liberal political theory. As such, it can be defined as a system that seeks to expand choice in the short-term while concurrently orienting individuals toward their own long-term preferences, leading to future expansion of choice. These definitions were accepted as the standard of each point of view within liberalism, and can be utilized in order to develop variables for evaluation.

In augmenting current empirical evaluations to perspectives of liberal political theory, variables were developed that serve as strong representatives of the results consistent to each perspective. Libertarianism was represented by variables for psychological well being and overall consumption, or market participation. Liberal substantive ends theory was represented by variables for durable goods consumption, education and health. Reconciled libertarian paternalism, as a true reading of liberalism, was represented by variables for psychological well being, overall consumption, durable goods consumption, education and health. In representing true liberalism, programs utilizing reconciled libertarian paternalism should meet the goals of libertarianism and liberal substantive ends theory.

Three different methods of aid provision were selected as strong adherents to each perspective within liberalism. The unconditional cash transfer method, represented by GiveDirectly, was considered closely linked to libertarianism. The direct aid provision method,

represented by the Millennium Villages Project, was considered closely linked to liberal substantive ends theory. The conditional cash transfer model, represented by Oportunidades, was considered closely linked to reconciled libertarian paternalism. In claiming successful aid provision, each respective method or organization should have produced results consistent to the theoretical perspective of liberalism they represented.

Following formal evaluation, it was determined conditional cash transfers, such as Oportunidades, represent the method of aid provision most closely aligned with liberalism. GiveDirectly successfully achieves results aligned with libertarianism, the perspective of liberalism from which it draws its justification, but does not achieve holistic liberal goals. The Millennium Villages Project does not achieve results aligned with liberal substantive ends, the perspective of liberalism from which it draws its justification, nor does it achieve holistic liberal goals. Oportunidades successfully achieves goals found within libertarianism and liberal substantive ends theory, reliably achieving liberal goals throughout the entirety of its work. For a true liberal, conditional cash transfer programs such as Oportunidades represent the most effective way to improve the prevalence of liberal societies throughout the world.

Augmenting existing empirical indicators to political theory is an important mechanism of evaluating foreign aid for donors and aid recipients. It helps to ensure organizations keep the philosophical promises they make to donors, producing results that uphold the theoretical justifications upon which they are built. While political theory will never be the only aspect of the decision-making process for donors, it will continue to serve as an important motivation in inciting social good. In helping to ensure evaluation is more internally consistent with the motivation for providing aid, it is possible to further improve the resources available to nonprofits, donors and aid recipients.

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