## Do people in the less developed areas of the world need aid or charity or both? e...

Business, Strategy



We are all very much familiar with the problems of Third World countries, usually described by Latin America (excluding Cuba) the whole of Africa, Asia (excluding its socialist countries, Japan and Israel) and Oceania (excluding Australia and New Zealand). They are plagued by poverty, very high rates of population growth, low growth rates of gross domestic product, low rates of industrialization, extremely high dependence on agriculture, rate of unemployment, and uneven income distribution. Although the expression "Third World countries" no longer has a clear meaning, majority of the international development experts would consider the poor developing countries to belong in the third world. Less developed countries are clearly in trouble.

Serious urban social problems, such as broken families, drugs, and crime, are related directly to the economic woes. High unemployment, serious underemployment, and failing infrastructures plague the countries' major urban centers. Yet even if this national attention does come, it will do so in a time of declining public resources. The amount of money available for aid will be small at best, and the cities will have to compete with other claimants for it. This would seem to be a time for carefully crafted programs that leverage aid and charity to stimulate private investment and that target public efforts very precisely to clearly defined needs. This work is concerned with need of less developed areas of the world for aid or charity and the extent to which the government can effectively target its resources to the problem of these areas.

In the face of the underlying heterogeneity of economic and social circumstances, the needs of developing countries differ greatly. An international development policy designed to narrow the economic disparities among these countries should naturally give greater attention to overcoming the obstacles to progress in the poorer countries. For this purpose, the level of per capita income could serve as a useful indicator of per capita requirements of external aid.

Thus, the lower the per capita income of a country the greater should be the per capita assistance provided to it. It can, of course, be legitimately argued that the development needs of a country are not always synonymous with the degree of poverty so defined. For instance, acute balance-of-payments difficulties in certain situations may become an important consideration in aid policy. A vivid demonstration of this phenomenon is provided by the plight of the developing countries most seriously affected by what is commonly referred to as the "energy crisis". Similarly, in some cases, aid policy may have to be directed to overcoming constraints of infrastructure, such as those faced by land-locked developing countries.

However, recent experience has also amply demonstrated that poverty and the difficulties of the type just mentioned frequently exist side by side. The countries identified as the most seriously affected and the land-locked developing countries are, by and large, low-income developing countries (Ghosh 1984). Much emphasis has also been placed in various policy discussions on the need for using, for the purpose of allocating aid, such criteria as the development efforts of developing countries themselves, their

development performance and their efficiency In utilizing the available resources. Such considerations are, of course, relevant and merit appropriate attention. But it should also be borne in mind that these other criteria are often closely linked with the criterion of needs. For example, the level of domestic saving, a major indicator of the development efforts of developing countries themselves, commonly bears a close empirical relationship with the level of per capita income, the indicator generally used to denote poverty and needs. Indeed, experience has shown that in many instances it was foreign aid that helped to trigger expansion of output which, in turn, made it possible, via the increase in income, to raise the level of domestic saving. Similarly, while the rate of economic growth is an important indicator of the performance of a country, it could scarcely be argued that the higher the country's rate of economic growth the higher should be the allocation of aid to it.

In order to narrow the economic disparities among developing countries, it is the countries with sluggish economies that warrant a greater allocation of aid, and again these are often the developing countries whose per capita incomes are low. To cite one more example, the ability to utilize financial assistance efficiently requires, among other things, adequate availability of managerial and technical expertise. It is true that many low-income developing countries suffer from serious deficiencies in the availability of such expertise among their own nationals. However, this does not imply that the absorptive capacity of these countries is necessarily low. If international assistance is made available to these countries in sufficient volume, they can

use part of the aid to hire expertise from abroad. The problems of less developed urban areas of the world have been well documented over the past two decades in the academic and popular literature. Jobs, like the white middle class, have left the inner cities for suburbia. The older central cities have lost large portions of their economic base yet have been left with social problems of seemingly insurmountable proportions.

The trend of locating private investment in the suburbs and in smaller, independent cities not only involves manufacturing facilities but also extends to office buildings and service industries. In 1979, nearly 60 percent of the nation's poor lived in the central cities. Ten years later, the percentage had increased to 73 percent. During the late 1980s and early 1990s, the abject poverty of the inner cities was effectively demonstrated to the rest of the nation through the problem of homeless citizens. From 1991 to 1992, there was a 14 percent increase in requests for shelter and an 18 percent increase in requests for emergency food assistance in thirty large cities surveyed by the United States Conference of Mayors (USCM). Not only are the American inner-city residents becoming poorer and more of them homeless, but the infrastructure that supports them is crumbling. Pat Choate and Susan Walter argue that the United States is seriously underinvesting in its infrastructure.

This underinvestment is most serious in the nation's older urban centers where "deteriorated public facilities threaten the continuation of basic community services such as fire protection, public transportation, water supplies, secure prisons and flood protection" (Hanvey 1996). Public investment in infrastructure, including new housing, has decreased from 2. 3

percent to 0. 4 percent of the Gross National Product since 1969. This trend of failure to invest in infrastructure is continuing despite overall increased government expenditures.

More than one-fifth of the world survives on less than the equivalent of US \$1 per day, as famine, hunger and pestilence stalk many countries still, and 1, 000 children die each day from preventable illnesses. More than half the world has never made a telephone call (there are more telephone lines on Manhattan Island than on the whole of sub-Saharan Africa). Disadvantage and division persist across the world. For example, in Tanzania, a peasant household with four children farms two acres of land from which the family is fed maize at malnutrition or near-malnutrition levels. The family depends on a shopowner for seed for the next crop as well as for credit for food in the lean seasons. Another large Tanzanian family depends primarily on a precious job held by one of its members in a nearby town amid widespread underemployment. A woman in rural Botswana is able to feed her five children provided that, at plowing time, she can continue to borrow a team of oxen from a relative, and also receive a small remittance from her husband, who works on a construction project in the capital city. In each of these cases, minimal nutrition - and, hence, protection from infections and other diseases that prey on people with the low resistance associated with malnutrition – is conditional on maintaining some sort of relationship with a better-off household or households.

Each such case poses a human rights predicament, not only in the economicsocial sector of human rights, but also in the civil-political sector. That predicament can only be remedied over the long runby a certain sort of development aid involving simple and cheap appropriate technology, which must be offered as an option to a clearly defined category of poor households. It is important to get some sense of the qualitative situation of these households in reference to nutritional intake, which can be had from the micro-level village studies that have been done. The reasons for such a persistent linkage of landownership levels with nutritional risk are rooted in the economic context for households of around one acre or less.

Data indicate that 46 percent of the population were living both in poverty and in at least occasional food deficit, with more than a third of these reporting being chronically in food deficit (derived from data in Hossain 1992). Of those owning under a half-acre, fully 88 percent were in the food deficit category (Sen 1992). There is a high frequency of serious food deficit for such households over at least some weeks of the slack season every year and in some months of the bad crop year (expected to be at least one in five). These land-poor individuals find themselves, either yearly or at least in bad years, unable to cover their minimal food needs year-round. The slack season, including the period prior to the main aman harvest, and in some areas including part of the post harvest dry season, is one of food insecurity and hunger for those without surplus food.

This food deficit must be covered by loans or other sorts of opportunities, which tend to exist on condition of one or more critical clientelistic relationships, which they must maintain. In the third world, the great majority of the population still lives in rural areas. There, typically, as many

as the poorer 30 to 50 percent may lack even the minimal dietary volume (not to mention nutritional balance) needed to provide resistance to common illnesses. Food insufficiency malnutrition – primarily in the form of general protein/energy deficiency, but also of specific nutrient deficiencies (especially of iron, folic acid, and vitamin A) – has the effect of profoundly suppressing immune response to infectious disease, including respiratory and diarrheal infections, malaria, tuberculosis, measles, and intestinal parasites, in a variety of ways.

The obvious fact for third world rural dwellers is that those suffering from a food shortage get sicker and fall ill more often than those with sufficient food, thereby suffering effects ranging from an incapacity to work effectively to death (Spurr 1990). The vast numbers of third world rural dwellers who experience poverty-based protein/energy malnutrition and who must survive, at least in part, by means of economic opportunities offered by connections (often kinship based), with one or more better-off villagers are called clientelistic dependencies. Like economic dependents, clientelistic dependents generally experience insecurity in obtaining minimal food and health access, and therefore cannot normally afford to risk losing the relationship. Under these circumstances, typically, the loss of even a small component of a household's economic package of opportunities can produce weeks or months of added malnutrition and harm to the family members' health. In this they differ from clients of patrons in the classical anthropological or political sense, who are seen as involved in a more

voluntary and multidimensional relationship with their patron, having much of value to offer the latter.

However, clientelistic dependents are economically functioning, and indeed often must be hyperfunctional to scratch every grain of economic return out of the meager resources. As for currently functioning conventional methods of development aid, it is, on human rights grounds, unjustifiable to remove them simply because they may involve clientelistic dependency. The most effectively poverty-targeted of conventional aid interventions must be continued in order to address immediate economic-social and civil-political human rights problems; actual or potential victims of violence must be saved, and people who are threatened with malnutrition must be fed in whatever ways can help. Important work has been done in this regard on the right to food in international law. At the same time, however, we must recognize that conventional methods alone are not likely to be effective in addressing the underlying context of poverty-based clientelistic dependency. In practice they tend, at most, to redirect or modify the channels of clientelistic dependency; they fail to alter either its attendent constraint on civil-political choice or its contribution to a persisting insecurity caused by inadequate food and access to health. The current aid approaches could be made far more effective if the missing bottom-up component could be provided, which they currently do not do.

If the effects of clientelistic dependency are to be addressed under the rubric of human rights-based obligation, some sort of practical, realistic, and politically feasible steps – both based on human rights and otherwise

consistent with human rights – must be proposed to those who are most advantaged (mainly in the world's Northern Hemisphere) (Barry 1994). If possible, the new steps must be gauged at least to complement existing well-targeted aid, and perhaps even to neutralize any negative aspects for choice that the more conventional aid may create. A promising strategy of feasible and practical intermediate steps may have to be indirect rather than direct in terms of channels of impact on the problem. Moreover, it must be sufficiently affordable and realistically promising in their effectiveness that citizens and governments of advantaged societies accept them as essential for third world victims of health-threatening and choice-eliminating poverty. The focus of this work was on some of the major problems faced by hard core developing countries and policy issues posed by those problems. However, the development needs of hard-core developing countries are very large and call for much greater interest and aid from world community.

A systematic attack on the acute problems of countries facing extreme poverty and underdevelopment should therefore now be at the center of the policies designed to usher in a new international economic order. Attempts to bring about a rational distribution of economic assistance to developing countries must inevitably grapple with the question of what criteria should be used to achieve this objective. The problem of defining criteria for allocation of aid to developing countries – that is, grants and charity – is complex and rarely devoid of value judgments. Development cooperation has to be seen by the actors as a 'moral imperative' and 'enlightened self-

interest'. Moreover, a new approach to development policy is needed based on partnership.

This partnership of joint responsibilities has to involve the developing countries by adjusting to macroeconomic policies and human rights principles, as much as the donors themselves have to be capable of implementing coherent strategies.