

Foreign aid impacts on third world countries



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Foreign aid and its effects has been an ongoing debate in the twenty first century. It has elicited various perceptions, all which, are geared towards establishing the necessity for foreign aid to poor third world countries. Indeed, as activists from all over the globe urge western countries to increase donor funding in Africa, evidence indicates a failed system of eradicating poverty in recipient countries. Therefore, it is tantamount that foreign aid is reevaluated and fresh strategies introduced in order to alleviate poverty completely. Furthermore, it is inherent that aid is being given to African countries at the expense of western countries' development and resolution of similar challenges. This paper speaks for the plight in donor countries and pushes for the withdrawal of foreign aid in order to redirect it to domestic issues found in donor countries. As the African saying goes, "before you remove dirt from one's eye, remove the one in your eye first" (African Quotes, 2010), it is time for western countries to look back at the minorities in their own countries and prioritize their needs before diverting all funds to other countries. In essence, it is quite logical to presume that donor countries may not be of much help to poor countries if they are inept in resolving their domestic problems.

In the discussion, the argument will display the ineffectiveness of foreign aid in African countries especially concerns about poverty eradication. In addition, it will be made clear that donor countries are faced by similar social problems of poverty, lack of health care and poor infrastructure. Therefore, withdrawal of foreign aid and its diversion to domestic funding is necessary. However, there are expected consequences of such an action mostly due to the ensuing political, economic, and social instabilities. Nonetheless, this

may not be reason enough to fail to consider domestic eradication of poverty and improvement of citizens' living standards.

According to Goldfarb and Tapp (2006, p. 2), donor countries often offer aid in order to eradicate poverty in the world. The millennium development goals are a guide to many donor countries and even make it easier for them to prioritize foreign aid in their annual budgets. The effectiveness of foreign aid in African countries is mainly a measure of how poverty levels are reflected after the use of foreign aid. However, it is difficult to establish clearly that foreign aid is directly responsible for poverty eradication as there are other factors involved. Donor countries enthuse that poor countries are incapable of eradicating poverty since citizens are unable to earn and make investments. As such, foreign aid is meant to be a large sum of capital, which would trigger economic growth.

Unfortunately, evidence indicates that foreign aid has been ineffective in eradicating poverty and that it has indeed contributed to even more challenges for recipient countries. Aid failure in Africa has been researched and documented extensively. Karabegovic and McMahon (2006) assert that foreign aid is inconsequential in the promotion of economic development in Africa. Foreign aid fails to increase investments in third world African countries and without a substantial increase; poverty levels stagnate or even rise. In fact, the outcome of foreign aid is the formation of large governments and institutions, which affect economic development negatively. The increase of government officials is often accompanied by heightened levels of corruption brought about by misappropriation of foreign aid and other fraudulent activities. More often than not, foreign aid is misspent and even

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though at times it can be used diligently, it fails to provide long-term solutions for poverty eradication. This is so because, most of the projects initiated by donor funding are used to benefit the recipients for a short while due to existing conditions from donor countries.

Contrary to the perception that foreign aid is the key to eradicating poverty in Africa, is the fact that economic freedom can only be realized through the creation of open and effective economic institutions in poor African countries. Foreign aid is not a requirement for development and as witnessed in most third world African countries, it has led to overdependence on foreign aid. It does so by creating the impression that western countries are rich and thus expected to offer assistance to poor countries. A typical case scenario of any African country exhibits the tendency for third world countries to offer labor, raw materials, and markets for western donors giving them sustainable growth at the expense of the poor. In addition, poor countries embrace foreign aid and fail to create other development incentives, which worsen the state of poverty. Another factor, which arises from foreign aid, is oppression. Bauer and Yamey (1989), contend that as recipient governments' powers and authority are heightened by foreign aid, conflicts are bound to ensue due to the politicization of life. That is, governments utilize foreign aid to fuel political agendas and develop policies, which aggravate poverty and hinder growth.

Poor African countries also continue to accrue immense debt from foreign aid and this has only contributed to destabilizing the countries' economic states. This burden also attracts economic crises, social and political problems in those countries. When third world countries are in debt, they often expend

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their revenues on servicing these debts and in turn, they are left without capital for economic growth. Furthermore, there is always the likelihood that donor countries will cease supporting development projects when third world countries fail to service their loans. This action instigates a string of negative effects such as laying off workers, introducing restrictions and hefty taxes, and inhibiting importation of consumer goods, all in a bid to pay up the debt. Furthermore, debt has also brought about manipulation of third world countries by donors. In addition to imposing conditions, donors often come in, take over government policies, and even control how financial and other levels of administration are run. Consequently, third world countries are left feeling threatened and even more insecure about their economic capacities.

There is no doubt that foreign aid has at times been of significant help to third world countries. Western countries have helped alleviate short-term crises such as food shortages and even invested in projects, which have benefited the poor. Nonetheless, it is eminent that third world countries are worse off with the presence of foreign aid. Ideally, they do not have to rely on foreign aid in order to eradicate poverty. Even so, it is important to note that western countries are also faced with the same challenging economic and social issues. Despite this, donors have always factored in third world countries in their annual budgets and significantly awarded them large donations at the expense of those afflicted by poverty and other issues in their own countries. For instance, Canadian spending on foreign aid continues to increase annually. As they do so, they are also aware of the fact that foreign aid is proving evasive and fails to obtain the desired outcomes of poverty eradication and economic sustainability in third world countries. As

dedicated as they are to this course, Canada's own backyard is littered by poverty and minority groups in need of aid and assistance.

Poverty has increased substantially in Canada and this is reflected in the rise in reliance on shelters and food banks. Poverty indicators are hunger, poor housing, and homelessness for the poor. Indeed, as the government is busy sending funding to African countries, hunger has plagued so many Canadian children at an alarming rate. According to a study by Connor, McIntyre and Warren (2000, p. 961), poverty levels in Canada are unacceptably high and more so for children who are not in a position to fend for themselves. They also indicate that one child in every five is affected by poverty nationwide. Poverty eradication is at the forefront of some organizations, which foresee devastating effects for the country's future labor capacities. Hunger and poverty in children is mostly accompanied by diseases and ill health in those affected. These aspects are likely to lead to child mal-development and even fatalities which only inhibits young children from growing up healthily and able to render service to their country. It is time for western countries to solve their domestic issues before extending help to others. This will result to withdrawal of foreign aid and the diversion of this aid to such projects as hunger and poverty eradication, development of proper housing and offering welfare services to the poor.

The withdrawal of foreign aid from third world countries would amount to significant benefits, not only for western countries but also for poor African countries. As earlier mentioned, foreign aid has maimed development in African countries and poverty is still a major problem. Therefore, with the withdrawal of foreign aid, there would not be entirely grave consequences. In <https://assignbuster.com/foreign-aid-impacts-on-third-world-countries/>

fact, African countries would be propelled to devise lasting solutions to their domestic problems. Instead of being dependent on foreign aid and accruing immense debts, third world countries can utilize their revenues in funding their own development projects and not paying up debts.

Withdrawing foreign aid can indeed make it possible to resolve domestic poverty problems in western countries. Nonetheless, this action may also elicit various negative repercussions. In most instances, foreign donors decide to do so due to their concern for poor countries, there are indirect gains from offering aid and political influences. Political factors found in donor countries are highly responsible for foreign aid to African countries. This decision usually results from debates and voting procedures by donor's domestic political institutions. Foreign aid, which is given to third world countries, influences international trade significantly which results to changes in income distribution patterns in donor countries. When there are huge consumer gaps between poor third world countries and donor countries and unequal distribution of ownership in western countries, they are bound to benefit substantially. Such interest group offer financial incentives to politicians and other policy developers who in turn are expected to guide foreign aid policy as asserted by Mayer and Raimondos-Moller (1999). Withdrawal of foreign aid would in such a case cause political wrangles and deprive interest groups the huge benefits they are used to. Indeed, this would mean that the donor government does not suffer direct or indirect losses.

In conclusion, it is evident from the above discussion that foreign aid has only contributed to decapitate third world countries' poverty levels. Foreign

aid has led to increased debts and short-term solutions, which do not do much for economic, social, and political problems, which plague these countries. In fact, corruption and the exclusion of minorities have ensued from foreign aid, further alleviating the very people it is meant to assist. In spite of their will to offer foreign aid, western countries also, face poverty and other problems. Therefore, after weighing the demerits of foreign aid for third world countries and the domestic problems in recipient countries, it is eminent that foreign aid is withdrawn. Withdrawal of foreign aid will lead to donor countries focusing on the minorities in their own countries, eliminate benefits accrued by self interest groups, and fuel Africa's need to become independent and develop their own domestic growth policies. Furthermore, Western countries such as Canada and the U. S need to clean up their countries before offering help to others.