

Effects of food aid for developing countries



**ASSIGN
BUSTER**

Undoubtedly, providing food aid to developing countries has indefinitely saved the lives and alleviated poverty standards of millions of people all over the globe. Therefore, the relative accomplishment and achievements of food dumping in such poverty-struck regions of the world can obviously not be underestimated. However, people often tend to overlook the downfalls of food aid and focus on the positive impact it has made to our modern world. The important factor to consider with regards to this discussion is the impact of food aid in both the short and long run. Aid in the short term might have saved lives, but in the long run it seems things are getting worse.

Food Aid is an important form of assistance to Third World countries. The short term effects of food aid depict benefits for the people of the developing country, however this is controversial as we will show later in the essay. Long term food aid can have serious social and economic consequences. Economically, it tends to undermine the Third World agricultural sector by depressing local markets and thereby discouraging local production (Smith, 1994). Food Aid often increases dependency on all sorts of foreign goods. The local consumers are thrilled by the prospect of buying or consuming subsidized or free food loaned by a foreign country. This dependency, however, can sustain even after the food aid program has been completed. Local consumers would naturally choose the foreign food goods over the local ones, leading to further worries for the local farmers whose products are now less competitive in the market.

Despite farmers' desire to work and cultivate successfully, local economic conditions mean that there is limited opportunity to get an adequate return on one's business. The government would not support the farmers as

rigorously as it used to, since most of the food production would be coming from outside the borders. There will be lesser spending on newer and more technologically advanced methods of cultivation which would hamper the yield of the farms. Overtime, these farms would no longer be used which would result in further deterioration of fertile land in the regions.

Food Aid for Developing Countries is not only an economic evil but also a huge social one. Socially, food Aid can lead to farmers going out of business adding to the huge volume of under-employed and unemployed landless laborers. Politically it can also encourage subservience to donor states by Third World governments such that they may be obliged to buy surplus donor goods when they are unwanted. The governments of certain developing countries become inefficient overtime as they possess little knowledge of regulating food supply and demand and therefore, cannot sustain an equilibrium in the food market.

With high levels of corruption prevailing in the developing countries, creations of black markets are widely known with the flow of Aid into the economy. These shadow markets would hamper development and lead to smuggling of goods from one countries to another. They also lead to price disparity in the markets, with high levels of price discrimination being found in such markets. This shadow economy could be attributed to bad management of the government and less accountability found in the judicial systems of these countries. Most people would argue that developing countries need proper government that insures good governance, and puts the public's interest above personal and ulterior interests. These countries have high cost of public administration and outright wastage of public

<https://assignbuster.com/effects-of-food-aid-for-developing-countries/>

resources. Simply, handing them over Aid would only exacerbate the already corrupt governance.

Another major flaw with distributing food aid is related to the above discussed social evil. Given the immense amounts of corruption that exists within such developing countries, there is more or less no mechanism through which food aid is circulated amongst the population. Therefore, there is no accountability for the way the food aid is given out, and it can very well remain in the hands of the powerful government. In this regard, food aid can once again prove to be a huge hindrance in the path of economic growth for developing countries.

It is a well known fact that highly mechanized farms can produce units of food cheaper than even the poorest paid farmers of the developing country. With a sudden influx of high quality food crops produced on such highly developed farms are sold, or given, to the developing countries, the local farm economy is destroyed. If the poor and unemployed of the developing were given access to land, access to industrial tools, and protection from cheap imports, they could plant high-protein/high calorie crops and become self-sufficient in food. Reclaiming their land and utilizing the unemployed would cost these societies almost nothing, feed them well, and save far more wealth and resources that they pay on food Aid.

As already mentioned in extensive detail above, food dumping in developing countries incurs extensive amounts of dependency upon all sorts of foreign goods. Therefore, the local industry suffers greatly on the hands of this dumping. In order to sustain the local economy, the government shall be

forced to cut down the prices of such local products, and will also provide subsidies in sustain production. In such a scenario, a significantly lower amount of taxes shall be collected from the producers. As majority of developing countries are extremely dependent upon their agricultural sectors in terms of tax revenue, this is completely upset the fiscal budget for that economy. Again, it is clearly obvious how this shall prove to be an economic hazard for that third world country.

Some developing countries demand food Aid due to droughts in the regions. Droughts hamper the cultivation and usage of the land, and can have disastrous effects for future sustainability of the crops. Foreign food aid not only increases dependency on internationally produced food crops but also gives little incentive to the domestic market to try and eradicate bad topography and resume cultivation in the drought affected areas. These fields may be used for other purpose such as producing energy, which again makes deteriorates food production in the region. Over time, this has major impacts for the sustainability of the population. The already existing poverty traps can aggravate the already worsen health, social and economic status of these developing countries.

Throughout this debate, there is very little emphasis on achieving greater production capacity through better land use and improved crop science. Aid should be channeled into farm capacity in the poorest parts of the developing world. That means fertilizer, improved technology and better infrastructure for getting goods to market. This means the developed world should commitment on development finance, micro-finance and aid for trade.

<https://assignbuster.com/effects-of-food-aid-for-developing-countries/>

In the sections above, the theoretical consequences of food dumping in developing countries has been excessively examined as detailed by economists. However, now it is advisable to turn our attention to ascertain the detrimental effects of such food dumping in practical instances. Starting out with Brazil now, it has been receiving huge amounts of food aid for decades now. Unfortunately, this country's reliance upon food aid has grown to such extents that now agricultural lands are being used as biogas fields.

Moreover, in rice growing countries such as Bangladesh for instance, there has known to be huge reliance upon food aid again. This reliance has caused them to produce extremely low volumes of rice over a number of years. Therefore, no local production of rice is occurring, due to which the lands are not cultivated. The long-term effects of this farming activity has proven to be extremely detrimental in the long-run.

Kenya was a country which sustained its agricultural and therefore economic growth itself, but after the 1980's it started relying upon external sources for food. Presently, 80% of its food comes from the European Union. This resulted in the plummeting of prices, causing the local production to crash, and therefore created immense levels of poverty (Mittal, 2001).

Unfortunately for farmers in Mexico, the government has been relying increasingly upon corn from the United States. Due to this, millions of farmers have been put out of business completely. A similar scenario is occurring in Costa Rica where there is a huge surplus of grain from other countries, therefore this has caused a lot of farmers to be put out of business completely (Mittal, 2001).

Europe is known to be one of the biggest exporters of sugar all around the globe, and this sugar is sold at extremely subsidized parts. This proves to be extremely disadvantageous for third world countries as they are unable to export their own sugar products. Moreover, due to Europe exporting sugar at such astronomically low rates, developing countries also need to significantly lower their sugar import prices. Of course, the real winners in this regard turn out to be the few sugar processors and the large cultivators of sugar of the European countries (Oxfam Policy Paper, 2002).