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Fixing Poverty & Feeding the World

> *"[A] consensus that emerged decades ago was that foreign aid had not been effective in reversing Africa's economic decline…. And it is not just Africa. That foreign aid has failed to accelerate economic development in the Third World generally was also accepted. In 1999, the United Nations declared that 70 countries — aid recipients all — are now poorer than they were in 1980. An incredible 43 were worse off than in 1970. 'Chaos, slaughter, poverty and ruin stalked Third World states, irrespective of how much foreign assistance they received,' wrote the* Washington Post, *on Nov. 25, 1999. Except for Haiti, all of the 13 foreign aid failures cited [in the* Post *article] — Somalia, Sierra Leone, Liberia, Angola, Chad, Burundi, Rwanda, Uganda, Zaire, Mozambique, Ethiopia and Sudan — were in Sub-Saharan Africa. The African countries that received the most aid — Somalia, Liberia and Zaire — slid into virtual anarchy."*

— Development Economist George B.N. Ayittey

Development economist George Ayittey is straightforward about the failure of past aid programs to cure poverty: "The general consensus among African development analysts is that foreign aid to Africa has not been effective…. The continent is littered with a multitude of 'black elephants' (basilicas, grandiose monuments, grand conference halls, and show airports) amid institutional decay, crumbling infrastructure, and environmental degradation. Further, structural adjustment loans from the World Bank and the IMF made little impact on poverty reduction in Africa."

His contention has plenty of backing. For instance, Jason Sorens points out in his 2007 article "Development and the Political Economy of Foreign Aid" that the best argument that defenders of aid can deliver for their side is to point to projects that have succeeded that have *an aid component*. In reality, aid has not "caused subsequent increases in GDP per capita. In only one country (Israel) has development aid had the intended effects on growth…. Up-to-date, peer-reviewed global studies of the effects of foreign aid on growth usually find either no generally positive relationship or even a slight negative relationship." Because aid is diverted by government officials, it increases corruption in countries. Aid goes toward wasteful public consumption, and "inhibits beneficial policy reforms." Donor countries usually have motives other than helping the poor, so they don't hold the recipient countries accountable for how the money is used. (America gave aid to corrupt poor countries for taking our side in the Cold War and the War on Terror.)

To understand how to alleviate hunger and reduce poverty today, we first need to recognize the failures of poverty payments and understand that until the early 1900s, poverty was the norm *across the world*, even in the United States. Usually, with the exception being a small population of well-to-do families or leaders and their cronies living opulent or at least middle-class lifestyles, most of the rest of the world's populace eked out a living, trying to keep clothed, housed, and fed. Though the Industrial Revolution began to spread wealth a bit more widely, opportunities to become economically safe and stable were often blocked through inheritance rules, nepotism, titles, craft guilds, and low pay for manual laborers. It was not until the United States, with its relatively unencumbering laws and relative lack of societal hierarchy, became an industrial power that wealth in great amounts began to flow to the masses. Then new inventions, new jobs, and new opportunities began to pay dividends.

It would not be wrong to say that *businesses* broke the back of poverty. Now, though wealth isn't evenly distributed even in the United States, the poor in First World countries generally have plenty of opportunities to get ahead. In fact, poor people in advanced countries usually have luxuries that even a king couldn't dream of two centuries ago: running water, TV access, computers, cellphones, washers and dryers, plenty to eat, access to modern healthcare, etc.

Meanwhile, for various reasons — whether topography, lack of shipping, diseases, lack of resources, authoritarian government, etc. — the bulk of the populaces in many Third World countries have as yet barely crawled beyond the Stone Age as far as living conditions are concerned. A story will help illuminate the problem — and the problems involved with fixing the situation.

This story, about the problems that have to be dealt with when helping the poor in Third World countries, comes from, of all things, a television show about hunting. Internationally known hunter Jim Shockey was in Somaliland in Africa, where his friend and fellow hunter had recently convinced the government to create a huge set-aside area for wild animals, meant to provide native wildlife a place to thrive. To stop locals from killing the animals for meat or encroaching on the wildlife habitat, the plan was to convince the locals that there is more money to be made by protecting the area and the game than by disturbing it. Shockey was on a test hunt — checking game conditions, travel restrictions, and more — to prove the theory. He hired locals to guide him to game and paid them more for a few days' work than they might otherwise make in months. Money spent on licenses would presumably be the source of game management on the range.

In the episode entitled "Stewardship" on *Jim Shockey's Uncharted*, as Shockey traversed the country, it soon became apparent not only that prosperity has eluded most of the people, but why it has done so. Wherever he went — across huge stretches of land completely devoid of roads — the area was nearly barren desert, garbage was everywhere, and houses were made from sticks covered by old clothes or mud. Though technically speaking the country is safe for tourists, according to the laws in that country, foreigners must hire gun-toting police officers to travel with them and protect them *wherever they go*, and foreigners have a 6 p.m. curfew.

A factoid presented during the show indicated that only 28 percent of men and 17 percent of women had jobs. Making matters more difficult for the locals, the area had just come out of a prolonged drought during which 40 to 60 percent of the livestock that they sell as their main source of income — mainly goats and camels — had died.

The country's residents were not all poor, though. New SUVs were seen here and there during Shockey's travels, and he stayed in a modern hotel with all the amenities. But poverty was certainly the overriding condition of the people.

Creating wealth and ending hunger in the many places of the world similar to Somaliland would be a daunting task, to say the least. Here's how one expert suggests help should be done.

Don't Repeat Failures

In his 2005 book *Africa Unchained: The Blueprint for Africa's Future*, development economist George B.N. Ayittey says the main thing that needs to be done to end world poverty (namely in Africa) is to recognize what actions have failed in the past and why they have failed — and then don't repeat the mistakes.

• ***Don't deal with totalitarians*** — On the top of the list is to avoid giving aid to totalitarian countries, because the rulers of those countries have rarely shown any inclination to help the poor; rather, they suck up every available bit of wealth from the poor to finance their self-indulgent lifestyles and keep their holds on power, including padding their Swiss bank accounts. The process is as follows: A strong leader either takes power or is elected, and then to secure his position he pays army officers and political ministers substantial salaries; he hires into public-service positions thousands of other countrymen (whether they do any work or not); and, in case he eventually loses power, he starts socking away money in a foreign bank account. Meanwhile, all of the aforementioned government cronies use their positions to fleece the public.

Case in point: Then-Generals Sani Abacha and Ibrahim Babangida of Nigeria between them accumulated $12 billion in assets in that impoverished country. Meanwhile, from 1970 to 2005, more than $400 billion in oil revenues flowed into that country, but no one can tell where the money went.

Ayittey noted, "Almost every government regulation and nuance of policy can be exploited. Revenue collection, passport control, and even government stationery can all be diverted, manipulated, or used for illicit gain." The people know that if bribes are not paid for administrative services, "your file will be sat upon, your child will not go to school, the magistrate will send you to prison."

Ayittey added that in 2004 the left-wing *Economist* magazine commented, "For every dollar that foolish northerners lent Africa between 1970 and 1996, 80 cents flowed out as capital flight in the same year, typically into Swiss bank accounts or to buy mansions on the Cote d'Azur." And most of the rest of the aid supplied to Africa by the world likely was spent on provisioning and funding governmental armies and bureaucrats to keep the strongmen in power, not on helping the poor.

As a general rule, Ayittey says, because corruption is so rampant in Third World countries, and because aid given to governments is so routinely misappropriated, aid should *never be* a top-down affair, wherein the money that is intended to help the poor is filtered through the government.

Not only do the strongmen loot aid money once they are in power, the totalitarians, without fail, blame their countries' poverty on "capitalism" and institute socialistic measures that inevitably bring economic ruin. The measures they institute include ones to regulate the economies and the peoples — such as opening government-owned businesses, instituting price controls and trade and travel controls, and beginning communal farms — to supposedly benefit their countries.

For one example, Ayittey points to Nigeria, an oil-producing country that had state-owned refineries, staffed by the state. He noted:

Nigeria's state-owned refineries could not produce refined fuel due to frequent equipment breakdown and lack of repairs. Inadequate refinery supplies, coupled with price controls, created acute fuel shortages in an oil-producing country!… Eventually, refined petroleum products had to be imported anyway. This example is representative of many of Africa's state enterprises, which were to produce such items as cement, steel, shoes, rubber, and food items.

Because state-owned businesses are staffed by loyalists, not by the most qualified people available, quality and quantity of production suffer, and the government-run businesses become mere vote-buying artifacts, not properly functioning entities. Government-run farms, mines, aluminum and steel plants, airlines, oil companies, bottling companies, and more prove to be spectacular failures.

Yet the failure of African countries is often blamed on the fact that Africa commonly exports low-priced raw commodities while it at the same time imports finished products, which fetch high prices. For example, Africa is often rich in mineral wealth such as gold and foodstuffs, which it sells, but it imports technology such as computers and iPhones and other tech — and supposedly this hurts the African countries. Closer to the truth is that socialist mismanagement of the economies of Africa leads to limited commodities to sell, especially foodstuffs, and the money derived from such sales goes right into the coffers of the countries' leaders, not to those who produce the goods. In fact, the "actual physical volume of many primary commodities from Africa has been declining and the increased supplies on the world market came from other regions, namely Southeast Asia." Therein lies the main problem — government policies that hurt Africans — and the hurdle that needs to be jumped to move Africa ahead.

This is also important because, since nearly all foreign aid money gets bled off by corruption in recipient countries, it becomes evident that the money necessary to fix Third World countries can, for the most part, be found in the Third World countries themselves. The world essentially hasn't delivered money to the poor in Third World countries up to now (it's been siphoned off); Third World governments are spending the money the way the elites want.

• ***Return stashed money*** — A first step to fix this problem of empowering totalitarians with aid money would be to mandate that to be eligible for any type of foreign aid — whether trade advantages or something else — recipient countries' leaders should first return all monies that the leaders have stashed in foreign bank accounts.

• ***Don't allow aid-receiving governments to manipulate the markets, especially food sales*** — A second aid step is to not give foreign aid to governments that have in place socialist market controls. Because of the obvious harm socialist economic manipulations cause, the development-assistance efforts need to avoid giving aid to places where misguided economic practices, such as price controls and government controls over the market chain, are implemented — usually totalitarian countries.

In government-run economies, price controls are commonly implemented both to punish capitalists for their supposed greed, and to make it seem as if the countries' leaders are fulfilling the socialist ideology of egalitarianism. But price controls always backfire because the main unintended consequence of them is product scarcity (and then higher consumer prices on the black market) — talk about a double whammy!

In the case of Nigeria, controls on the price of refined gasoline meant that there were always shortages. Since the government subsidized the purchase price of gasoline (hence making it cheaper than supply and demand would dictate), anyone and everyone who could get their hands on supplies of gas took all they could, and then resold it on the black market for a profit, often in neighboring countries, leading to constant gas shortages at gas pumps. Nigeria is an oil-producing country, yet the country has to import refined gasoline.

Strongmen's socialist economic policies lead to deleterious cascade effects, bringing about increased poverty for the poor in those countries. As their economies go haywire from foolish economic policies, the strongmen then tax any and all economic transactions of the poor to support themselves, bleeding off the incomes of rural peasant-farmers, creating and solidifying poverty. The strongmen fleece the poor through "poll taxes, low producer prices, export marketing boards, hidden export taxes, price controls, development levies, and forcing peasant farmers to sell annual quotas to the government," according to Ayittey.

To ensure they get their cut from business transactions, the strongmen often mandate that only the government may market certain products, such as palm nuts, maize, rice, yams, etc.; they try to close the borders; and they even threaten death for disobeying trade restrictions.

As a result, there is little incentive for the poor to put forth the effort to use legal methods to improve their situations. The publication *West Africa* noted that the Gambian government simply took three of every five bags of groundnuts (peanuts) peasants produced, and then another bag would be taken in exchange for fertilizer and seeds. The Tanzanian government "paid peasant maize farmers only 20 percent of the free market price for their produce. In Sierra Leone, taxation levels in the agricultural sector averaged between 30 and 60 percent of gross income," and so on and so forth. And the end result is that production waned: "Ghana earns the bulk of its foreign exchange from cocoa…. At the time of independence in 1957, cocoa farmers were selling about 400,000 tons of produce to the CMB [Ghana's Cocoa Marketing Board] for export. For the 1981/82 crop year the amount sold to CMB was only 220,000." Peasants won't put strong efforts toward work that doesn't pay off.

Even when peasants were provided with modern tractors to produce crops, production fell precipitously, with many African farmers going from producing agricultural surpluses with hand tools, to producing barely enough to feed their families with the government's "help." At one state farm, "$720,000 was spent to house workers…, but the farm earned only $95,216 from the sale of crops…. Notice that the $720,000 was spent on housing alone. Add to this the wages of the workers' managers; cost of equipment and land preparation, etc. and the loss becomes greater." And "at the Okumaning farm … ripe fruit on the oil palm trees were left to rot at a time when Ghana had to import 57 percent of its palm oil requirement from Benin."

The strongmen claim that money must be taxed from peasants for development purposes, but the development that gets done is not for the benefit of the poor. Housing is built for urban elites; food and gas are subsidized for the same group; and unprofitable businesses get built for the leaders' cronies. One especially galling example was this: "In 1985, Cameroon, with a per capita income of less than

$1,000 a year, was the world's ninth-largest importer of champagne."

One possible step to end government market manipulations would be to offer *partial* debt-forgiveness each time an aid-receiving country opens up or sets aside a geographical area that is free of financial abuses or damaging taxes. Soon the real benefits of such areas to poor countries should become undeniable and cause whole countries to move in that direction.

• ***Discourage money printing*** — Third, a major pitfall that development assistance should avoid is aiding countries with a propensity to simply print money to finance the spending whims of government leaders. Governments with such power over the purse are unlikely to ever make the hard choices to put in place policies that will empower and enrich the poor. Increasing the amount of currency in a financial system (inflation) is a tax that continues to bleed dry the poor through making products and services continually more expensive, even if some other good economic policies are put in place at the insistence of assistance organizations.

In country after country across Africa, strongmen simply demand that money be printed to be spent, often making the money basically worthless. The International Monetary Fund reports that Zimbabwe's inflation rate peaked at 89.7 sextillion percent year-on-year in mid-November 2009. Then, after being temporarily stabilized, inflation in that country was running at 300 percent (year-on-year) in August 2019.

In addition to making the price of items rise, inflation deters wealth creation. When the cost of items quickly increases, people don't put their money in banks, where it will lose its value over time, they spend it as soon as possible, buying goods as cheaply as they can. This means that the monies are not available in banks to be lent out for productive uses, such as opening new businesses.

And in a related vein, Ayittey makes the point that aid-supplying countries and entities, such as the International Monetary Fund, should not hold against the poor in Third World countries debts incurred by strongmen leaders, because those debts not only are unjust but also perpetuate poverty, as many of them are unlikely to paid off in the foreseeable future. "Total African foreign debt rose 24-fold" between 1970 and 2002. In 2005, "debt service obligations absorb[ed] about 40 percent of export revenue, leaving scant foreign exchange for the importation of capital goods, essential spare parts, and medical supplies."

He believes "the principle of odious debts" must be enforced against lender nations: If a nation lends money to a dictator, without the consent or benefit of the population of the debtor nation, if a new representative government comes into office, it shall not have to repay the debts.

However, he is also very much against simply writing off justly acquired debts, because if such debts were allowed to lapse, there would be no reason whatsoever for debtor countries to ever pay back another loan — because if they simply wait long enough, their debts will be forgiven.

Steps to Help Cure Poverty

Ayittey notes that African strongmen have shown for decades that they are dead-set against change and *will never change* their parasitic, abusive behavior *as long as pretending to change* nets them additional aid monies.

So what types of actions might be taken that won't add to the problems and that would likely actually lead to less poverty in Third World countries?

One action Ayittey promotes is to stop giving aid to totalitarians, since they just use aid, especially aid money, to solidify their control over their peoples. Without monetary aid, real effort would have to be made by many countries' leadership to allow the people to prosper or risk a real threat of an uprising that they can't afford to quash. So if a country's leader stops the people from legitimately voting for leaders, aid should be cut off, thereby putting pressure on the country to be financially responsible.

Second, and probably most importantly, encourage what other countries have done to succeed: nurture business investment. India has been industrializing through opening free enterprise zones that are free from India's stifling socialistic laws, with much success. In such a zone, a state or province opens an area that either has no tax or very low tax rates, little or no customs duties, and few cultural restrictions. This allows businesses to invest monies more safely; opens job availability to locals; leads to increased wealth and education; and encourages the building of infrastructure, such as roads, health facilities, running water, etc. Nigeria opened its first such area in 2001, and it has seen a surge in investment since then.

A similar type of plan could be offered in other poor countries called "debt-free zones," which are areas of debtor countries that would be temporarily ceded to a lender nation as a means of both paying off the debt and building domestic industry, meant to get countries headed in the right direction. An example might be a 100-square-mile area in a debtor nation that is ceded to a lender nation, which the lender controls for a period of 20 years (ideally an area that is allowed to trade freely — without tax or interference — with the natives). There would be no African taxes on profits, no import or export taxes, and the area would be controlled and protected by the lender nation. The debtor nation's domestic laws against child labor and environmental devastation would still be enforceable.

Such an area would benefit the *lender* nation through easy access to foreign commodities, an inexpensive foreign workforce, and taxes it can collect. The debtor nation benefits because its foreign loans would be forgiven; it would gain domestic industries; locals would gain jobs skills; there would be local industries to sell raw materials to (with the corresponding profits often going to the poor); and the nation could attract back native peoples who left the country to find opportunity in other lands, reversing the "brain drain" common throughout the African continent.

Third, and likely the most important step to boost the poor out of poverty: Encourage the decentralization of power back to village chiefs and support plans that call for bottom-up wealth attainment through unchaining the ingenuity and work ethic of the large masses of poor Africans.

To sidestep many abuses of the poor by native governments, Ayittey emphasizes that all assistance plans must be based on economic freedom, and specifically designed to help the poor. As an example, he notes that programs to teach peasants simple and inexpensive ways to preserve food for shipping would be much more beneficial to a populace than the provision of new high-tech boats that wouldn't employ many people and for which the operators would not be able to afford to process a huge catch when they've got it anyway. He believes that if the large majority of aid is meant to make native processes more efficient, more inexpensive, and less time-consuming, then natives will quickly prosper. For instance, he says that since most natives are extremely ambitious, and already set up stands to sell goods alongside busy roads, the creation of local and regional marketplaces where goods can be brought to sell safely and efficiently would go a long way to helping the peasants.

He envisions as part of this process returning to local chiefs the power to decide who gets land and how disputes are settled, and a voice in what changes they would like to see, as well as making sure that the peasants are in almost complete control of their economic futures, including deciding for themselves what they will plant and how much they will sell their produce for.

Since chiefs answer to the people directly, not only should this provide money to the poor, enabling them to invest in schools (which could provide the means for poor peasants to get jobs in cities, where the pay is higher), medical clinics, and more, but the rate of government corruption should quickly greatly diminish. (Ayittey emphasizes that this is probably the most important step to getting Africans out of poverty.)

And while Ayittey didn't insist on formal land titling, that would be ideal. Development economist Hernando de Soto has shown that property rights increase business investment in a country and lead to economic growth. When land and businesses can be secured, people are more likely to expand the entities and work to grow them. Moreover, without strong property rights, it is difficult to get loans for investment capital.

Fourth, provide microfinance loans: Experiments by entities in giving loans as small as hundreds of dollars to improve business opportunities have shown to produce not only extremely high repayment rates, but an actual economic-stimulus effect. For instance, a simple way to aid the poor of Africa is to provide microloans to Africans to buy donkeys and carts. In the 1980s when Ghana was struck by famine and people were eating "frogs, lizards, earthworms, and dogs," tons of food were rotting in villages because it was too costly to hire people to carry the food on their heads to markets. Donkeys are cheap, use little water, and are capable of doing lots of work. They can pull carts through rough African terrain and carry food, water, firewood, and more. And they might cost less than $30 each. Better yet, such loans can be structured to make several people responsible for paying back a loan, leading to community involvement and high repayment rates.

Fifth, provide healthcare or research into cures and treatments for Third World diseases: In many places in the Third World, HIV and malaria are taking a drastic toll on populaces. In some places in Africa, there are few adults between the ages of 20 and 40 because most have died of disease. The donation of medicines to the Third World to save lives would take much of the strain off grandmothers, who do most of the work in those areas. Too, funding the dispensing of basic medical knowledge would go a long way to helping the poor, such as giving educational presentations on HIV and AIDS deaths and how to prevent such deaths. Places such as India have shown that locals trained in the basics of medicine and funded by an outside entity can do a lot of good. If foreign entities want to help Third World countries, a good place to intervene is by not only providing money for health clinics and doctors, but providing safe, local drinking water and improved sanitation. (Again, this money should not be filtered through the national governments, where it will be pilfered.)

In most cases, private entities and expanded business opportunities should be at the forefront of aid efforts, just as they have been at the forefront in the First World West. Socialist, top-down aid, as it has been practiced, is sure to fail, just as it has failed in the past — from corruption, misplaced incentives, globalist goals, etc.

For Africa as a whole, as long as corrupt socialist governments run Third World countries, those places will stay economic basket cases. Ironically, globalists in the UN, the World Bank, the Vatican, and across the world are now pushing global governance through the UN — global socialism — and claiming that it will cure the world's ills. Yes, and for decade after decade the five-year economic plans of the Soviets were touted as the way to make those communist countries wealthy, yet the plans only dug the citizens there deeper into poverty. By looking at the "2019 Index of Economic Freedom," we can see at a glance that most of the countries in Africa — and most of the Third World in general — rank as "Mostly Unfree" or "Repressed." Governments there tightly control what the people can and cannot do — for the people's benefit, of course. The poverty there is no coincidence.

It is certainly true that more evil has been done in this world in the name of doing good than has ever been done in the name of doing bad. So the first thing that needs to be done is to stop backing socialist solutions and payoffs to totalitarian regimes in return for claiming to back some aspect of U.S. policy. Then, while looking to economic freedom, build from there.

(Please note that the above suggestions reflect George Ayittey's views on how to fix world poverty. Although Ayittey believes that the international aid system and major foreign aid entities such as the UN and IMF could be useful, the author of these articles does not agree. Direct aid is only well-instituted by private charities, and country-to-country aid should be largely limited to using trade to increase freedom and real rights.)

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