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## Foreign Aid: A noble act of non-creative destruction

By: Fiyinfoluwa Elegbede – March 31, 2013

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“Poor people in poor countries are poor because they have low incomes; they have low incomes because they produce very little value; they produce very little value because they are restricted from doing so by kleptocratic, corrupt, tyrannical, and destructive governments, most of which have been (and I add, still are) recipients of huge sums of foreign aid” – Tom Palmer, Senior Fellow CATO Institute

While the idea of providing monetary and financial incentives to facilitate the economic growth of undeveloped regions seems noble, there are distinct fallacies and unplanned destructive effects from that proposal.

Many Africans regard governmental aid as a means of promoting cultural erosion through enforced programs, as well as an underhanded means of unscrupulous conditional exchange for the sovereign natural resource wealth of recipient countries.

Therefore, the issue of providing aid should not be a governmental or politically manipulative. Instead, aid should be an exclusive private affair through philanthropic efforts.

Research repeatedly shows that aid giving initiatives through governmental institutions imposes more harm than good to the receiving economy.

Aid provisions between government institutions increases the income gap between the political elites and the rest of the country. In a strange reverse Robin Hood effect, rich countries take money from the poor people through taxes and give that money to rick people, the tyrannical and corrupt dictators, in poor countries.

Moreover, misplaced priorities with foreign aid create a wasteful, unproductive and a dependent culture .

Foreign aid donors often boast that funding has helped alleviate poverty and improve healthcare through polio, malaria, cholera and other eradications.

However, the true picture of the situation in Africa unveils continued misplaced priorities in the disposition of aid efforts on the continent. Agencies often waste resources on dealing with outcomes and symptoms rather than dealing with the root cause of problems as a means towards pragmatic prevention.

Makoko community in Lagos State, Nigeria provides a staggering example of resource-squandering in terms of foreign aid. This community situated within the bustling and arguably fast developing commercial city in Africa, and inhabitants suffer remarkable poverty and poor living conditions. Aid efforts here targets the health challenges of residents, but does not address their pitiable and unhealthy living condition which

breeds the disease aid fights. If aid fails to stop the underlying problems, as in the case of Makoko community, the aid becomes inevitably useless.

There are positive initiatives, however.

UN Homes seeks to utilize private innovative intervention to improve the housing conditions of the inhabitants of this community. These sorts of innovative efforts confronts the foundational sources of the poor living conditions of the people, rather than combat the resultant effects as foreign aid aims to do.

According to the founder of the initiative, Chude Onyemeri, “practical solutions UN Homes is offering what we call social housing programs, a situation that empowers financially and make individuals part of the solution for others ...Through this approach of BUILD and EMPOWER, we are able to develop innovative, viable and scalable housing solutions that meet the diverse housing needs of low-income people.”

Another valiant effort comes from a nongovernmental organization, the Childrens Prize, which seeks to finance new creative ideas to combat child mortality in Africa through a million dollar prize initiative. This private initiative utilizes social media to engage private, proven individual citizens to submit practicable ideas that will massively influence the eradication of child mortality in Africa. This is one way to disseminate workable aid to Africa through activities of private charities and not supplemental government loot-able funding.

Ironically, most African countries have more than enough natural resource wealth to seed their economic growth. However, corrupt leaders so far have failed to use that wealth for the socio-economic development of their country.

Africans were not always poor. Africans were content with what they had and were able to freely to go about their pursuit of personal wellbeing until colonial habitation. Poverty became more pronounced in the aftermath of colonialism through Statist, a freedom-infringing philosophical deficiency which initiates boundaries, cultural separations and a central role of government in the society.

To improve the socio-economic development of Africa, the continent desperately needs private innovations, empowered by rule of law and an ambience of free enterprise, free of restrictive government regulations.

Economic growth and development is indeed a vital ingredient towards achieving prosperity and a free society. However, it takes a spontaneous market driven approach without state interventionist barriers to achieve the noble aim, not foreign aid.

What struggling economies require from developed economies is not aid, but trade. Profitable trade relations result from mutual and equal partnership aimed at the exchange of goods and services provided by creative innovators, resulting in economic growth and prosperity.

Aid births dependency, while trade enhances equality in trans-continental standards. Trade transactions involve equal partners in the exchange of goods and services. Those transactions yield mutual respect and facilitate global equality, unattainable through forced centralized, redistributive equality effort of foreign aid.

