

3-30-2013

Aid versus Trade as the model for International Development

Iyabo Obasanjo

William & Mary, iobasanjo@wm.edu

Follow this and additional works at: <https://scholarworks.wm.edu/aspubs>



Part of the [Health Services Administration Commons](#), [Health Services Research Commons](#), and the [Other Public Health Commons](#)

Recommended Citation

Obasanjo, Iyabo, Aid versus Trade as the model for International Development (2013). *Foreign Policy Journal*.

<https://scholarworks.wm.edu/aspubs/1044>

This Article is brought to you for free and open access by the Arts and Sciences at W&M ScholarWorks. It has been accepted for inclusion in Arts & Sciences Articles by an authorized administrator of W&M ScholarWorks. For more information, please contact scholarworks@wm.edu.

Aid versus Trade as the Model for International Development

FPJ foreignpolicyjournal.com/2013/03/30/aid-versus-trade-as-the-model-for-international-development/

Iyabo Obasanjo

March 30,
2013

I am not sure aid as currently practiced does more than assuage the conscience of the giver. The next time a picture of an emaciated African child with a ballooned stomach tugs at your emotional trigger to give, resist. Think instead of ways you can help create a sustainable world where no child will live in those conditions or need your help.

Many reports have indicated that Americans are some of the most charitable people in the world, giving more as individuals to international causes than people in other developed countries. The US government also uses billions in tax money from the same charitable Americans to make interventions that are supposed to make the world safer and better. A lot of the government intervention goes into military aid, but some of it also goes to pro-democracy, health, and education efforts. Global health alone was allocated \$8.2 billion in the 2012 US budget.

It is hard to judge the effect of all these efforts in removing poverty and misery in poor countries. Global despair has reduced mainly due to China and India's massive economic growth over the last 20 years. The economic growth of both countries was not by aid but by taking jobs from the west, jobs like phone customer service, computer programming, and manufacturing.

Aid money flows mainly into areas such as education and health, which country governments should be responsible for. Such aid attenuates the process of internal agitation needed for governments to be responsible for their people. Governments then serve mainly as a source of wealth generation for individuals and support of the elite while aid provides for the poor. Aid further undermines self-efficacy by making Africans more dependent on the west and the governments more irresponsible. Many of the countries receiving large amounts of aid money are at the bottom of the Transparency International Index on Corruption and the Mo Ibrahim Governance Index for Africa. At the very least, aid money from individuals and government should be tied to recipient government transparency with its own funds.

I read this quote from Martin Luther King when I was about 12 and it has stuck with me since then: "I have the audacity to believe that peoples everywhere can have three meals a day for their bodies, education and culture for their minds, and dignity, equality, and freedom for their spirits." If the world is to achieve this, it can only come from productivity of all humans to their capacity everywhere we live, not by sending from haves to have not.

The best way to sustainably help that African child is to make sure their society is productive. This can only occur by his or her family growing food you need, or otherwise producing something of value to you which you pay for. In exchange, from the money they earn they buy goods they need, some of which will be sourced from within their country but much from without. There is as yet no African car or African refrigerator and when income improves for Africans they generally buy western goods, so it behooves the west to create consumers for their products. This is the path China is taking. China trades with Africa so that Africans can buy its goods. China does not do charity or ideology, only aggressive trading and bartering. This hard line does not seem to have hurt Chinese business in Africa. Flights going to China from any African capital are filled with businessmen of various stripes; from the mom and pop trader to conglomerate executives. Flights coming west to the US are mainly filled with African Government officials, their families, students and international organization personnel. Even pursuit of education which was the mainstay of going west is now moving east, to India, Malaysia, Singapore, Taiwan, and China.

President Clinton's welfare reform in the 1990's was mainly to get more people to work instead of depending 100% on welfare benefits. The same logic rings true for international development: countries need to depend less on handouts and more on their productivity. Only internal modification of values, work ethics and processes can lead to personal growth or growth for a country. There are already many examples of movement from third world to first world (borrowing from the title of Lee Kuan Yew's book) in the last 50 years and in none of these cases can external charitable donations be credited for creating the change.

Aid needs to change to trade. With the continuing economic downturn and high unemployment, American aid to Africa should be more strategic, i.e., to create a market for American products.

Helping people by sending them money does not ultimately help them. Helping them by creating a win-win trading situation helps you and them.