The Third World and Economic Prosperity: Irreconcilable Differences?

Proposal by Hannah Al-Sakati, English 102

The 21st century is marked by change. Any change is initiated by globalization. No one can escape its influence. Although the majority would tend to claim that the process of globalization has changed the world for the better, recently conducted studies prove that we are still far away from achieving equality and a dignified life for everyone on earth. While the First World literally embodies a dignified life of security, sufficient nutrition, shelter, and civil rights, millions of people in the Third World are forced to live in abject poverty: 884 million people lack access to safe water supplies, an American taking a five-minute shower uses more water than a typical person in an underdeveloped country slum uses the whole day, every 20 seconds a child dies from a water- related disease, and almost half of the world live on less than $ 2.50 a day (United Nations). Are these inevitable products of globalization? Is there nothing we can do to prevent human beings from such deplorable living conditions?

The question which solution to underdevelopment is the most effective has aroused much controversy among today's experts. The process of globalization has worsened the misery of the Third World since only industrialized and progressive economies are able to survive on the global market and compete with low prices and know-how. In order to successfully overcome poverty, developing countries have to catch up with advanced economies through realizing the concept of good governance and import substitution. The industrialized countries instead must integrate the underdeveloped nations into the world market by providing financial support, foreign direct investments, and rewarding rights in supranational organizations.

One of the biggest challenges of the 21st century is therefore to eradicate poverty to safeguard the right of today and tomorrow's generation to live a dignified life. The previously listed statistics are only some examples that illustrate the tremendous extent of poverty in the world of which most of us are not even aware, unfortunately. It is urgent to raise people's attention to tackle the issue together. The influence of a single person is small but the influence of a population is all the greater. Nonetheless, in order to bring about change, the first step is to define underdevelopment and examine where it derives from. Only if we know what leads to underdevelopment are we able to prevent it.

Symptoms of Underdevelopment

What exactly indicates underdevelopment? Claflin University professor of political science, Kerna Irogbe declares countries as underdeveloped if they are unable to withstand the challenge to gain a share of the global market and cannot catch up with advanced economies. A summary measure of human development is the Human Development Index (HDI) which was established by the United Nations Development Programme (UNDP) in 1990. It ranks countries by combining indicators of life expectancy (health), educational attainment (education), and a decent standard of living (income). The computed single statistic based on available data allows cross-country comparisons as it shows where each country stands on a scale from 0 to 1 (United Nations). Due to the inclusion of the three dimensions health, education, and income, the HDI assesses the level of development of a country rather than only reflecting its economic growth.

More important than measuring underdevelopment is examining the factors that have led to the phenomenon. Development literature refers to the concept of "good" or "bad" governance. The latter is often regarded as one of the major contributors to poverty as it prevents any development in a nation. Governance is basically defined as the process of decision-making and the process by which decisions are implemented. Bad governance is thereby primarily found in underdeveloped countries. An often totalitarian but weak government rules the country, bribery and corruption dominate the everyday life, and the lack of the authority's transparency results in political apathy. Needless to say, social services and the country's medical and public infrastructure are in the deficit. Although the phenomenon of bad governance is on the retreat, its impact in the remaining countries is all the worse.

Just take 2011 as an example. It was a year without precedent for the peoples of the Middle Eastern and North African region. Dubbed the "Arab Spring," the protests took place in a tumultuous year, one which saw much suffering and sadness but also spread hope within the region and beyond "to countries where other people face repression and everyday abuse of their human rights" (Amnesty). The tremendous effect bad governance can have on a country is perfectly mirrored by this shocking period. A region is displayed that conveys an impression of a more retrogressing than developing country. This part of the world seems to be far away from experiencing economic prosperity.

Political and social unrest not only affect internal affairs but also impact relations with abroad. The phenomenon of bad governance is therefore closely related to negative terms of trade, a measure of the price of a country's export in terms of its imports. Developing countries mainly specialize in the export of its cheap raw material. Conversely, expensive manufactured goods are imported. This trading relation results in fiscal and economic imbalance.

Foreign Aid and Its Fallacy

In order to successfully combat this economic instability in Third World countries, the factors that have led to the phenomenon must be examined. The best example illustrating the reverse effect development programs can have if they are designed without critical thinking is the use of foreign aid. Some experts claim that this is an effective tool in the fight against underdevelopment. Yet, by claiming that the best way out of underdevelopment is to involve these countries in decision-making processes allowing the recipients to determine how best to use the aid given, the economists ground their argumentation on the quicksand of logical fallacies, disregarding corruption, lack of know-how, geographical factors and both economic and political isolation. These symptoms are apparent in the Third World and contribute to the ineffectiveness of foreign financial aid.

The reason disproving the effectiveness of this tool lies in both endogenous and exogenous factors that lead to a country's underdevelopment. People demanding foreign aid completely overlook these factors. It is hard to ignore that a country's structure and economic abilities are majorly determined by its geographical location. Natural resources deposits, climate condition, soil fertility, or available access to the sea are factors that may enhance industrialization and progress (de Santamaria). Due to the presence of desertification, droughts, and tropical rainforests in most parts of the Third World, it is even more urgent to use arable land more efficiently. In times of global warming and shortage of raw materials, oil in particular, renewable energy becomes more and more important. Solar energy seems to be the flourishing sector in the 21th century. African countries in the Sahel zone could especially profit from huge solar equipment, even though financed by foreign companies.

Overcoming Bad Governance

In contrast to geographical factors, internal affairs are modifiable. In his "Economic Underdevelopment in Africa: The Validity of the Corruption Argument," Senyo Adjibolosoo elaborates on endogenous factors that contribute to Africa's underdevelopment. To his mind, the practice of embezzlement, bribery, and corruption is a system-wide problem that creates significant hindrances. The persistence of the deplorable economic conditions in Africa harms any attempt to bring about change. Therefore, mismanagement and corruption in the administration of food aid distribution, for instance, is pervasive "in the absence of efficient and accountable institutions to oversee and institute fair and just aid distribution practices" (Jallow). The lack of a stable, democratic, and legitimate government institution makes financial aid easy prey for corruption. The former British Prime Minister Tony Blair emphasized that "no amount of foreign aid or natural resource revenues can eradicate poverty . . . in countries where corrupt rulers enrich themselves at the expense of their deeply impoverished fellow citizens" (Leishman).

To verify his point, Rory Leishman, journalist of *The London Free Press,* provides evidence by stating that less than 30 percent of the aid earmarked for primary education in Uganda actually reached the intended schools: "The missing funds were stolen, wasted or re- apportioned to priorities identified by politicians or middle level and senior government officials."

As long as bad governance is present, the viability of developing countries is impossible. Those economists extolling foreign financial aid commit several errors of reasoning. Foreign aid does not ultimately imply economic growth. How can a country use fiscal remedies for the benefit of its general public if its top is a totalitarian and authoritarian regime? Therefore, the argument that foreign aid will automatically change a country for the better is itself tentative.

Foreign Direct Investment

Bad governance not only affects foreign remedies but also prevents any source of foreign entrepreneurial action. The correlation between bad governance and foreign investments lies in miserable location factors. Due to the government's low investment in infrastructure and both educational and medical systems, the Third World has to struggle with high illiteracy rates, increasing birth rates, malnutrition, and lack of access to clean water. The main problem, however, results from the lack of a well-educated, qualified, and motivated labor force. It is hardly surprising that these factors prevent entrepreneurial interest. The survey conducted by the Federal Ministry of Education in 2004 illustrates the tremendous extent of illiteracy in Nigeria and the Sub-Saharan Africa geopolitical zone. The Ministry of Education asserts that the northern states adult literacy rate (male) is 42 percent, not to mention the female literacy rate which numbers only 22 percent (Jogwu 493). In her essay C. N. Jogwu insists that "ignorance and illiteracy limit the peoples' capacity and its contribution towards national development" (498). In order to pave the way out of underdevelopment, the Third World has to realize the concept of good governance providing its citizen a qualified education and dignified future.

Brain Drain—Literacy and Economic Proportional Correlation

Yet, one has to be careful with judging the Third World's labor force. A low HDI which provides an impression of the overall development level of a country does not automatically mean a lack of skilled workers. Indeed, a few underdeveloped countries do have literacy rates far higher than the average. Cameroon with 72 percent and Ghana with 68 percent prove that underdevelopment and literacy are not irreconcilable phenomenon (Jogwu 494). Moreover, the widespread argument that foreign investors are not dependent on additional human capital from underdeveloped countries since the First World provides unlimited labor force is another common fallacy. In the 21st century, industrialized nations are in need of skilled personnel; not only do they recruit indigenous workers, but also specialized personnel from the Third World. The example in the UNDP's document summary of 2004 illustrates that this phenomenon is spreading: Half of all medical doctors trained in Africa leave to work abroad (United Nations). The paradox is that meanwhile about 100,000 foreign experts work in African countries, funded by donors to the tune of $4 billion a year (United Nations). The Third World does accommodate skilled human capital but cannot make use of it in a productive way. The remedy for brain drain is to attract workers with stability, rule of law, career prospects, and entrepreneurial space.

Economic Imbalance as a Result of Dependencies

Nonetheless, not only endogenous but also exogenous factors contribute to presence of brain drain. Probably the most commonly held argument for the cause is dependency theory. Evolved in Latin America in the 1960s, the term refers to the "unequal political, economic, social, and military relationships between a dependent economy and the dominant external economy" (Irogbe 42). Due to its history of slavery and colonialism, the "situations of dependency have conditioned contemporary underdevelopment in Africa, Asia and Latin America" (Irogbe 43). It is common knowledge that during the colonial era, colonized territories became oriented to the export of primary goods (mostly agricultural) and simultaneously to the import of expensive manufactured goods from the same metropolitan countries (Irogbe 43). Hence, domestic development and industrialization were significantly hindered by foreign capital, goods, and labor force as well as by the exploitation of the indigenous population and its natural resources. The result is a relationship of dependencies.

Overtaxed with the challenge of globalization to compete with advanced economies, underdeveloped countries gain less share of the market which even strengthens this one-sided trading relation. The dissolution of such dependency requires the opening of the First World's market. Today, intraregional trade prevents a successful integration of the Third World into the global market. Too many countries of the southern hemisphere are generally excluded from the global market. In spite of exporting raw material to the First World, developing nations are forced to import expensive, manufactured goods. This economic and fiscal imbalance will not only lead to negative terms of trade but will prevail unless the concepts of import substitution and direct foreign investment are realized.

In his "Underdeveloped Countries" address, economist Carlos De Santamaria claims that the later will ensure the import of know-how and technologies which will finally lead to domestic employment. Import substitution requires a country to produce manufactured goods on their own instead of importing them from industrialized countries. It will strengthen the internal industry while simultaneously alleviating the dependency on foreign markets. In the long run, higher average income and a higher standard of living are therefore achievable.

Supporting the Third World and its Wide-Ranging Effects

In a nutshell, combating underdevelopment is one of the greatest challenges of the 21st century. Due to the contribution of both endogenous and exogenous factors, the solution to underdevelopment requires a multivariate approach. Firstly, the Third World itself has to provide the basis for development which can be created only if it realizes the concept of good governance. The experience of former colonial oppression manifests itself in totalitarian governments that engage in corruption and bribery and that neglect their citizens' social security, corruption and bribery. Missing working opportunities and miserable location factors prevent any source of internal and foreign entrepreneurship.

Yet, not only the domestic sluggish economy but moreover the lack of foreign direct investments causes underdevelopment. The challenge is thereby to ensure good governance in a first step in order to increase foreign direct investments in a second step. If political stability, rule of law, medical and educational institutions, as well as a sufficient infrastructure are provided, foreign companies will be willing to invest in the Third World. The First World has to acknowledge the needs of the Third World and must advocate its development of an own industry by encouraging their involvement in the world market. Only then, underdeveloped countries are able to disengage themselves from negative terms of trade.

Although the majority would probably claim that eradicating poverty in underdeveloped countries would only be for the benefit of the Third World, achieving economic prosperity will ultimately change the whole world for the better. Regardless of economic profit and power, is it not our ethical and moral state of mind that should motivate us to strive for equality and liberty for everyone? Wouldn't everyone wish to raise one's child in a world extolling moral rectitude and dignity, than in a world overshadowed by disparity?

Every single individual can contribute towards development in the Third World. Donating money to charities or lobbying for equal rights in supranational institutions are only two possibilities of how to take action. We are all in the same boat. We have a collective responsibility towards the least privileged in the world. It is our duty to ensure that the present is not the enemy of our future. It will not be an easy task. It will take years to manage the challenge. But if everyone is pulling in the same direction, we can bring about change. A change towards a better future. A better future for everyone!

Works Cited

Adjibolosoo, Senyo. "Economic Underdevelopment in Africa: The Validity of the Corruption Argument." *Review of Human Factor Studies* 1 (2005): 90- 112. *Academic Search Premier*. Web. 3 Apr. 2012.

Amnesty International. *Middle East and North Africa: Year of Rebellion.* London: Amnesty International, 2012. Web. 16 Apr. 2012.

De Santamaria, Carlos S. "Underdeveloped Countries." *Vital Speeches of the Day* 27.9 (1961): 278+. *Academic Search Premier*. Web. 4. Apr. 2012.

Irogbe, K. "Globalization and the Development of Underdevelopment of the Third World." *Journal of Third World Studies* 22.1 (2005): 41- 68. *Academic Search Premier*. Web. 4 Apr. 2012.

Jallow, Mathew K. "Foreign Aid and Underdevelopment in Africa." *PROBE International*, 17 Apr. 2010. Web. 5. Apr. 2012.

Jogwu, C.N. O. “Adult Illiteracy: The Root of African Underdevelopment.” *Education* 130.3 (2010): 490-498. *Academic Search Premier*. Web. 5 Apr. 2012.

Leishman, Rory. “No Amount of Foreign Aid Can Offset Corruption.” *RoryLeishman.com*. 31 July 2010. Web. 3. Apr. 2012.

United Nations Development Programme. *Empowered Lives. Resilient Nations*. New York: United Nations, 2011. Web. 3. Apr. 2012.