EE461 Development Microeconomics
Assignment 3
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Summary of Poverty, Inc.

The documentary showcases how misconceptions or stereotypes about Africa have exploited its people and economy. *Needless to say, temporary and chronic poverty is predominant in Africa and the poor seem hopeless and incompetent. On top that, the authoritarian governments are incapable of running the countries.* Reinforced by such view, it is only natural for other countries to lend a helping hand. However, the good intentions promote inefficiency in the market in the long run. To elucidate, NGOs and social entrepreneurs that step in have given out free rations and other goods which encourage the Africans to further depend on the organisations. With the shift in the people's mentality, nobody has no incentives to purchase goods from local businesses as they are receiving what they need from the organisations without any charges. As a result, productions in the countries slow down and eventually, the businesses are not able to survive and are shut down as superfluous. Due to the chain effect, employment rises as people are as well unable to both employ and be employed. In short, the widespread of NGOs and social entrepreneurs and lack of deep understandings about Africa has negative impacts on African economy as a whole.

To begin, Africa is *not* poor and the poor are *not* incompetent. Africa is extremely rich in resources which are more than enough to sustain the entire economy. The poor is competent, they are just disconnected from the global market or trade. To solve the poverty in Africa, it is ineffective to directly provide goods and jobs. Instead, the organisations should open up access to what it needs to bring out potential in the people such as education and business connections to invigorate smaller, local businesses as well as encourage independence within the communities.